

# AMTE Power plc

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.**

This document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by, or filed with, the FCA or any other competent authority.

**Application has been made for the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 12 March 2021. The New Ordinary Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will 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.**

The Directors (whose names, addresses and functions appear on page 7 of this document) and the Company (whose registered office appears on page 7 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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



## **AMTE Power plc**

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 08490522)*

**Placing of 7,826,816 Ordinary Shares of 0.5 pence each at 175 pence per share  
and**

**Admission to trading on AIM**

*Nominated Adviser, Joint Broker and Joint Bookrunner*

*Joint Broker and Joint Bookrunner*

**WH Ireland Limited**

**SI Capital Limited**

**Share capital immediately following Admission**

*Issued and fully paid*

Ordinary shares of 0.5 pence each

*Amount*

*Number*

£173,330.14

34,666,027

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

SI Capital Limited ("**SI Capital**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker and joint bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of SI Capital or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, each of the Joint Bookrunners accepts no responsibility whatsoever for the contents of this document, including its accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. The Joint Bookrunners their respective subsidiaries, branches and affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website [www.amtepower.com](http://www.amtepower.com).

## PRESENTATION OF INFORMATION

### 1. General

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors or the Joint Bookrunners. No representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by the Joint Bookrunners as to the past, present or future. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules for Companies, neither the delivery of this document nor any subscription or sale made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules for Companies.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under the FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, prospective investors should carefully consider all of the information contained in this document, paying particular attention to the section entitled Risk Factors in Part II of this document. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

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

SI Capital Limited ("**SI Capital**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker and joint bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of SI Capital or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, each of the Joint Bookrunners accepts no responsibility whatsoever for the contents of this document, including its accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the

Ordinary Shares or the Placing and Admission. The Joint Bookrunners their respective subsidiaries, branches and affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

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

The Joint Bookrunners and their respective affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various commercial banking, investment banking, financial advisory and other ancillary activities in the ordinary course of their business with the Company, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interest that may not be aligned, or could possibly conflict, with the interests of investors.

## **2. Notice to overseas persons**

The distribution of this document in certain 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 jurisdiction.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the **"US Securities Act"**) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, 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. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in "offshore transactions" in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Canada, Australia, the Republic of South Africa, New Zealand, Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a **"Restricted Jurisdiction"**) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

## **3. Presentation of financial information**

The report on historical financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part IV of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including the Group's audited consolidated financial statements for the years ended 31 March 2018 and 31 March 2019 and the 15 month period ended 30 June 2020 and the notes to those financial statements, has been prepared in accordance with IFRS.

#### **4. Rounding**

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

#### **5. Currency presentation**

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "\$", "USD" and "US Dollars" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling. The Group presents its financial statements in sterling.

#### **6. Cautionary note regarding forward-looking statements**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part II of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

#### **7. Presentation of market, economic and industry data**

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **8. No incorporation of website information**

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and prospective investors should not rely on them.

## 9. Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the sections of this document under the headings “Definitions” and “Glossary”.

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

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

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

## 10. Information to distributors

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

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

## CONTENTS

	<i>Page</i>
<b>DIRECTORS, SECRETARY AND ADVISERS</b>	7
<b>DEFINITIONS</b>	8
<b>GLOSSARY</b>	11
<b>PLACING STATISTICS</b>	12
<b>EXPECTED TIMETABLE OF PRINCIPAL EVENTS</b>	13
<b>PART I INFORMATION ON THE COMPANY</b>	14
<b>PART II RISK FACTORS</b>	29
<b>PART III ACCOUNTANTS' REPORT ON THE COMPANY</b>	36
<b>PART IV ADDITIONAL INFORMATION</b>	71

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	David William Morgan Kevin David Brundish Adam d'Arcy Thomas Westcott Rt. Hon. Viscount Thurso PC Adam Colton Park Alyson Margaret Levett	<i>(Independent Non-Executive Chair)</i> <i>(Chief Executive Officer)</i> <i>(Chief Financial Officer)</i> <i>(Senior Independent Director)</i> <i>(Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i>
	All of whose business address is at the Company's head office	
<b>Registered office</b>	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y 4LB	
<b>Head office</b>	Denchi House Thurso Business Park Thurso Caithness KW14 7XW	
<b>Company website</b>	<a href="http://www.amtepower.com">www.amtepower.com</a>	
<b>Company secretary</b>	Vistra Company Secretaries Limited First Floor 10 Temple Back Bristol BS1 6FL	
<b>Nominated Adviser, Joint Broker and Joint Bookrunner</b>	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
<b>Joint Broker and Joint Bookrunner</b>	SI Capital Limited 46 Bridge Street Godalming Surrey GU7 1HL	
<b>Legal advisers to the Company in respect of the Placing and Admission</b>	Osborne Clarke LLP One London Wall London EC2Y 5EB	
<b>Legal advisers to the Company in respect of the Share Capital Reorganisation</b>	Taylor Vinters LLP Merlin Place Milton Road Cambridge CB4 0DP	
<b>Legal advisers to the Joint Bookrunners</b>	Haynes and Boone CDG LLP 1 New Fetter Lane London EC4A 1AN	
<b>Reporting accountants and auditors</b>	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	
<b>Financial public relations advisers</b>	Novella Communications Limited South Wing Somerset House London WC2R 1LA	
<b>Registrars</b>	Neville Registrars Limited Neville House Halesowen West Midlands B62 8HD	



## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>“AGM Batteries”</b>	AGM Batteries Limited, a subsidiary of the Company
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules for Companies”</b>	the AIM rules for companies published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
<b>“Articles”</b>	the articles of association of the Company, with effect from Admission
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 7 of this document, or any duly authorised committee thereof
<b>“Company” or “AMTE Power”</b>	AMTE Power plc, a company incorporated under the laws of England and Wales
<b>“City Code”</b>	the City Code on Takeovers and Mergers published by the Panel from time to time
<b>“Concert Party”</b>	for the purposes of the City Code, Carl Maine, Steven Farmer, Kevin Brundish, Philip Betts, Paul Tillet, John Fox, Simon Snow, George Morris, Kimberley Levins, Carlton Simmons, Andrew Waite, Matthieu Billiet, Jeremie Tobelem, William Sissen, William Baillieu, Lodovica Speri, Brian Tillet and Emma Baillieu
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
<b>“DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
<b>“EMI”</b>	enterprise management incentives, under the terms of the EMI code as defined in section 527 of the Income Tax (Earnings and Pensions) Act 2003
<b>“EMI Plan”</b>	the AMTE Power plc EMI plan, further details of which are set out in paragraph 9 of Part IV of this document
<b>“Enlarged Share Capital”</b>	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the Placing Shares
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales

<b>“EU”</b>	the European Union
<b>“Executive Directors”</b>	each of Kevin Brundish and Adam Westcott
<b>“Existing Ordinary Shares”</b>	the 27,263,589 Ordinary Shares in issue immediately prior to Admission
<b>“Faradion”</b>	Faradion Limited, a company incorporated under the laws of England and Wales
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“Founders”</b>	each of Philip Betts, Kevin Brundish, Steven Farmer, John Fox and Ian Whiting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Group”</b>	the Company and its subsidiary undertakings and each a <b>“Group Company”</b>
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Joint Bookrunners”</b>	together, WH Ireland and SI Capital and each a <b>“Joint Bookrunner”</b>
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“MAR”</b>	as applicable: <ul style="list-style-type: none"> <li>(a) the market abuse regulation (EU) No 596/2014 (<b>“EU MAR”</b>); or</li> <li>(b) EU MAR as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.</li> </ul>
<b>“Net Asset Value Per Share”</b>	has the meaning set out in paragraph 3.27 of Part IV of this document.
<b>“New Ordinary Shares”</b>	the 7,402,438 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing
<b>“Non-Executive Directors”</b>	each of David Morgan, Adam Park, Rt. Hon. Viscount Thurso PC and Alyson Levett
<b>“Official List”</b>	the Official List of the FCA
<b>“Ordinary Shares”</b>	ordinary shares of 0.5 pence each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placing”</b>	the conditional placing of the Placing Shares by the Joint Bookrunners as agents for and on behalf of the Company and the Selling Shareholders pursuant to the terms of the Placing Agreement and the Selling Shareholder Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 9 March 2021 and made between (1) the Company (2) WH Ireland (3) SI Capital and (4) the Directors relating to the Placing, further details of which are set out in paragraph 11(a) of Part IV of this document

<b>“Placing Price”</b>	175 pence per Placing Share
<b>“Placing Shares”</b>	the New Ordinary Shares and the Sale Shares
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time
<b>“Remuneration Committee”</b>	the remuneration committee of the Board, as constituted from time to time
<b>“QCA Code”</b>	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
<b>“QinetiQ”</b>	QinetiQ Group PLC and its subsidiary companies
<b>“Sale Shares”</b>	the 424,378 Existing Ordinary Shares being sold on behalf of the Selling Shareholders pursuant to the Placing
<b>“Selling Shareholder Agreement”</b>	the conditional agreement dated 9 March 2021 and made between (1) the Selling Shareholders, (2) WH Ireland and (3) the Company relating to the Placing, further details of which are set out in paragraph 11(c) of Part IV of this document
<b>“Selling Shareholders”</b>	those persons whose names and addresses are set out in paragraph 17 of Part IV of this document
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“Share Capital Reorganisation”</b>	the reorganisation of the Company’s share capital, more particularly described in paragraph 2 of Part IV of this document
<b>“SI Capital”</b>	SI Capital Limited, the Company’s joint broker and joint bookrunner
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares 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>“VAT”</b>	UK value added tax
<b>“WH Ireland”</b>	WH Ireland Limited, the Company’s nominated adviser, joint broker and joint bookrunner

## GLOSSARY

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

<b>“battery”</b>	a device consisting of one or more electrochemical cells with external connection for powering electrical devices including mobile phones and electric cars
<b>“battery cell”, “cell” or “electrochemical cell”</b>	a device capable of either generating electrical energy from chemical reactions or using electrical energy to cause chemical reactions
<b>“capacity”</b>	the amount of electrical energy a battery cell can store
<b>“GWh”</b>	gigawatt hours, a measurement typically associated with the capacity of a cell manufacturing facility
<b>“power”</b>	rate of electrical energy released
<b>“sq. ft.”</b>	square feet

## PLACING STATISTICS

Placing Price	175p
Number of Existing Ordinary Shares	27,263,589
Number of New Ordinary Shares being issued by the Company pursuant to the Placing	7,402,438
Number of Sale Shares being sold by the Selling Shareholders pursuant to the Placing	424,378
Number of Ordinary Shares in issue on Admission	34,666,027
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	21.35 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£60.67 million
Total proceeds of the Placing	£12.95 million
Estimated expenses of the Placing	£1.62 million
Estimated net proceeds of the Placing receivable by the Company	£11.33 million
ISIN number	GB00BNQRZZ55
SEDOL number	BNQRZZ5
AIM TIDM	AMTE
LEI number	213800D4QZXUAZR6K870

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2021<sup>1</sup>

Publication of this document	9 March 2021
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 12 March 2021
CREST accounts credited by	8.00 a.m. on 12 March 2021
Despatch of definitive share certificates, where applicable, by	14 days from Admission

*Notes:*

1. Each of the above dates is subject to change at the absolute discretion of the Company and the Joint Bookrunners

## PART I

### INFORMATION ON THE COMPANY

#### 1. INTRODUCTION

AMTE Power was co-founded in 2013 by Kevin Brundish, together with several others, including former colleagues from QinetiQ, with the objective of developing a portfolio of highly differentiated, lithium-ion and lithium-ion derivative battery cells to meet the needs of specialist customers. Such customers, which include manufacturers of high-performance vehicles and specialist equipment, are not, in the Directors' experience, the primary focus of the international battery cell manufacturers, thereby creating a significant and scalable opportunity for the Company.

In an era of growing environmental concerns and increasing political pressure and regulation to shift away from fossil fuels, as exemplified by the UK Government's plan for a "Green Industrial Revolution", there has been a rapid rise in global demand for lithium-ion battery cells.

This has contributed to the value of the global lithium-ion cells market, in which the Company operates, being forecast to grow in value by 15 per cent. per annum from 2020 to 2030, to approximately US\$110 billion, on the back of a 22 per cent. per annum growth in volume (*source: Bloomberg NEF 2019*).

Key attributes of the AMTE Power business are as follows:

- the Company's highly experienced management team has implemented a distinctive strategy of not only accessing intellectual property, but also developing products based thereon to address its specialist customers' requirements, with the intention in due course of utilising its facilities to manufacture cells on a commercial scale;
- the Company has accessed a strong intellectual property portfolio from technology companies, QinetiQ and Faradion, which enables it to develop new battery cells meeting the needs of its customers by building on the substantial early investment by these companies;
- it has been working in collaboration with a significant number of industrial businesses, including nine UK-based leading automotive manufacturers and component suppliers;
- prior to Admission, it had secured an aggregate of approximately £9.1 million of equity finance, been directly awarded approximately £5.8 million of public sector grants and had generated commercial income of approximately £2.5 million;
- it is the Directors' understanding based on their market knowledge that the Company is well placed as one of only five UK commercial battery cell manufacturers with its purpose-built cell manufacturing facility at Thurso, Scotland, which has the second largest cell manufacturing capacity in the UK;
- in addition to its Thurso facility, the Company has entered into a framework agreement governing access to the UK Battery Industrialisation Centre (the "**UK BIC**") cell manufacturing facility and, in 2022, intends to commit to building a new UK manufacturing facility with a capacity of approximately 2GWh per annum; and
- the Company has three highly differentiated battery cells in development, with one expected to enter production in each of the next three years, and a pipeline of technologies for future development.

At a time of significant impetus in the battery cell market, the Directors' objective is for AMTE Power to become the supplier of choice for customers whose highly scalable, specialist needs are not, in their experience, being fully addressed by the major international cell manufacturers, by being a leading participant in the development and commercialisation of innovative, highly differentiated battery cells.

The Company is seeking Admission in order to raise approximately £12.95 million (before expenses) through the issue of the New Ordinary Shares at the Placing Price. Further details of the Placing and the Company's intended use of proceeds are set out in paragraphs 13 and 14 of this Part I and paragraph 11 of Part IV of this document.

## 2. THE COMPANY'S HISTORY

AMTE Power was founded on 16 April 2013 by five individuals, including Kevin Brundish, the Company's Chief Executive Officer, and Steve Farmer, the Company's Head of Innovation and Product Development, both previously colleagues at QinetiQ.

The Company, however, traces its origins to 1997, when AGM Batteries Limited, which AMTE Power acquired in 2013, was founded. AGM Batteries was founded as a joint venture between AEA Technology PLC, a research and development company, GS Battery Finance UK Limited, a member of a group involved in battery cell manufacture, and Mitsubishi Materials Corporation, a battery materials supplier, in order to develop a supply chain of early lithium-ion battery cells.

At the time of its acquisition by the Company, AGM's purpose-built 43,000 sq. ft. leasehold facility in Thurso, Scotland had been mothballed. Prior to this, the facility had been involved in the manufacture of both lithium cobalt oxide and lithium manganese oxide battery cells, with a capacity of approximately one million cylindrical cells per annum.

Having first raised equity capital in 2014, the Company completed the recommissioning of the Thurso facility in 2015 and focused thereafter on accessing key intellectual property and progressing the development of its range of battery cells.

David Morgan, formerly a director of Johnson Matthey plc, was appointed Chair of AMTE Power on 14 April 2020.

## 3. THE COMPANY'S STRATEGY

AMTE Power differentiates itself from the major international cell manufacturers by focussing on specialist, yet significant, markets where superior cell performance is a primary customer requirement, and where, in the Directors' view, the international cell manufacturers are not optimally structured to fulfil those requirements.

The Company's distinctive approach, led by its highly experienced management team, involves:

- **Innovation** – accessing intellectual property from technology companies QinetiQ and Faradion, and creating further intellectual property for the Group's purposes;
- **Commercialisation** – developing families of highly differentiated battery cells based around new chemistries and/or cell designs in order to meet the needs of its specialist customers, which, in many cases, contribute to the cost of that development; and
- **Supply** – in due course, scaling up from the supply of prototypes to full production volumes at its Thurso facility and UK BIC.

It is the Directors' opinion that the Company has a competitive advantage in both developing and commercialising new differentiated cells, as existing international cell manufacturers are, in the Directors' experience, focussed on expansion of their current product line, and existing battery cell innovators lack the requisite scale of production.

The three most differentiated cells in AMTE Power's pipeline, targeting the automotive, oil and gas services and energy storage system markets referred to below, have passed through the Innovation step and are in the final stages of the Commercialisation step, before transitioning into the Supply step, with the objective of one cell entering production in each of the next three years.

The Company intends this to be a repeatable business model in which other battery cells currently being developed progress through the same three steps.

The Directors anticipate that many of the cells being developed will have wider appeal than in the initial target market and will therefore, in due course, attract revenue from a number of additional markets.



#### **4. INTELLECTUAL PROPERTY**

The intellectual property in the Company's differentiated products is critical to the Company's business. As such, the Company seeks to protect its intellectual property by:

- protecting approximately 39 manufacturing processes and formulations and five designs as trade secrets. It is common practice in the battery cell industry, in the Directors' opinion, for a greater reliance to be placed on trade secrets than in many other industries, since the cell manufacturing process involves either the consumption of component parts or an electro-chemical or chemical change, which prohibits reverse engineering of the original formulation;
- having licensed, primarily in relation to material formulations and technologies which are embedded in the Company's differentiated products, from QinetiQ and Faradion:
  - on a worldwide and exclusive basis for defined fields of use, five patents and 21 trade secrets; and
  - on an exclusive basis for defined fields of use and geographies until 2026, six patents and two patent applications;
- having licensed on a non-exclusive worldwide basis until 2025 a further 78 issued patents and seven pending patent applications, for possible development by the Company in due course;
- having one pending patent application, directly in the Company's name, thereby building further protection in addition to the licensed intellectual property; and
- having started seven trademark applications including "Ultra Prime", "Ultra High Power" and "Ultra Safe".

#### **5. THE COMPANY'S MARKETS AND PRODUCTS**

From the increased market uptake of electric vehicles and personal devices, to growing environmental concerns and increasing regulation and political pressure to shift away from the use of fossil fuels, as exemplified by the UK Government's plan for a "Green Industrial Revolution", there has been a rapid rise in global demand for lithium-ion and lithium-ion derivative battery cells. Traditionally, the dominant market for lithium-ion batteries was consumer electronics, however over recent years, the automotive sector has become increasingly responsible for the substantial increase in demand, as electrification of vehicles has become a legislative requirement in many major nations, particularly in Europe.

This has contributed to the value of the global lithium-ion cells market, which the Company is targeting, being forecast to grow in value by 15 per cent. per annum from 2020 to 2030, to approximately US\$110 billion, on the back of a 22 per cent. per annum growth in volume (*source: Bloomberg NEF 2019*).

At a time of rapid growth in the battery cell market, established major international cell manufacturers are creating new manufacturing capacity and are not, in the Directors' view, meeting the needs of smaller, yet still significant, customers with specialist requirements. With the majority of international cell manufacturers focussed on the mainstream automotive sector, the Directors therefore believe that this creates a significant opportunity for AMTE Power in a less competitive, however still scalable, market.

The Directors' objective is therefore for AMTE Power's cells to become the first choice for customers with specialist requirements, through being a leading participant in the development and commercialisation of innovative, highly differentiated battery cell solutions.

Since its acquisition of AGM Batteries in 2013, the Company has focused on developing several families of highly differentiated battery cells based around new chemistries, including lithium-ion battery derivatives such as sodium-ion, and/or new cell designs.

These new families of cells are being developed in order to solve key challenges in some of the most technically advanced markets, where power delivery, energy capacity, safety and long-life dormancy in challenging environments require, in the opinion of the Directors, new battery cells.

## 5.1 Automotive market

Within the global automotive market, manufacturers of specialist vehicles, such as high-performance sports cars and high powered off-highway vehicles face intense pressure to deliver an increasingly electrified product where power, and therefore, in the case of sports cars, acceleration, is sought in addition to, as generally focused on by the international cell manufacturers, energy capacity, and therefore range.

The forecast growth in market size for lithium-ion cells reported above is dominated by the automotive market growth (representing approximately 70 per cent. of total demand from 2020 to 2030), with demand for lithium-ion cells for passenger vehicles forecast to grow at 25 per cent. per annum from 161GWh per annum in 2020 to 1,460GWh per annum in 2030 (*source: Bloomberg NEF 2019*). The commercial vehicle market, which includes the Company's target market of high-powered off-road vehicles, utilised in construction and mining, is forecast to grow at 36 per cent. per annum from 11GWh per annum in 2020 to 257GWh per annum in 2030 (*source: Bloomberg NEF 2019*).

The Company's most developed product for the automotive battery cell market is Ultra High Power, a re-chargeable pouch format battery cell. Ultra High Power is being developed in conjunction with several specialist manufacturers in the automotive industry and has the ability to deliver power consistently at a very high rate, thereby enhancing acceleration in high-performance vehicles.



**Figure 1: Ultra High Power pouch cell**

The Directors consider Ultra High Power to be a cell that is highly differentiated from other automotive cells, and to be of particular interest to the high-performance motor industry. The Ultra High Power cell has undergone early testing by third parties and the Company is currently in discussions with ten key automotive and motorsport manufacturers to test and evaluate the cells for inclusion in their vehicle programmes.

The Ultra High Power release date is expected in the fourth quarter of 2021, with prototypes available in the third quarter of the year.

The Company is also developing a more conventional cylindrical cell targeted at the needs of automotive sector participants concerned by security of supply, particularly in light of EU Rules of Origin.

## 5.2 Oil and gas market

Within the oil and gas industry there are numerous specialist equipment manufacturers with highly specific battery cell requirements, including for deep well use in high-temperature and/or high-pressure environments, which are also not, in the Directors' opinion, being properly addressed by the international cell manufacturers.

The oil and gas industry works in some of the most challenging places on Earth, in extreme weather, harsh conditions and remote locations. Lithium-ion cells are increasingly used as power sources for oilfield downhole tools in, for example, drilling, measurement, testing, wireline and well intervention. Reliability and a long operating life are vitally important for downhole lithium-ion cells, simply due to the extremely high costs associated with a downhole failure.

The Company's cell for the oil and gas market is Ultra Prime, a single use cylindrical battery cell. Ultra Prime is being designed with very high-energy and high-temperature performance for use in challenging environments. In addition to these features, the Ultra Prime cell has a very long standby life with no

loss of performance, making it ideal for use, not only where restricted access is a key consideration, but also where the battery needs to be in situ for an extended period. The Directors believe, based on early development work, that Ultra Prime will have the capability to operate for up to six years at a temperature of 125°C.



**Figure 2: Ultra Prime cylindrical cell**

The Ultra Prime release date is expected in the fourth quarter of 2023, following a period of extended testing, with prototypes available later in 2021.

Ultra Prime is the subject of AMTE Power's first commercialisation contract, a seven-year development and supply agreement with a UK based, international, Tier 1 oil and gas industry equipment provider. The Company has agreed to develop and, subject to the achievement of milestones, to supply to the customer battery cells which can be manufactured at the Company's Thurso facility. The Company is also in discussions with a potential customer in the defence market concerning Ultra Prime.

Notwithstanding the extended oil and gas testing, Ultra Prime is considered by the Directors to have the fewest hurdles remaining of the Company's highly differentiated cells prior to being commercialised.

### 5.3 Energy storage system cell market

Within the energy storage system ("ESS") market, in the Directors' opinion, one of the greatest challenges is that lithium-ion cells can be either unstable at high temperatures, and within the home environment are increasingly perceived as a fire risk, or can have reduced performance, thereby creating an opportunity for a cell based on a new chemistry. In addition, this is a highly cost sensitive market where there is strong potential demand for a lower priced alternative.

ESS markets represent between 8 per cent. to 16 per cent. of total annual demand from 2020 to 2030, with demand for ESS batteries forecast to grow at 21 per cent. per annum from 23GWh per annum in 2020 to 155GWh per annum in 2030 (source: Bloomberg NEF 2019).

The Company's differentiated product for the ESS cell market is Ultra Safe. Ultra Safe is being designed as a safe and cost-effective re-chargeable pouch format battery cell to address key applications in energy storage systems, whether microgrids (self-sufficient energy systems serving discrete geographic locations) or larger systems.



**Figure 3: Ultra Safe pouch cell**

Ultra Safe is based chemically on sodium, an element which is more readily available, and at a significantly lower price, than lithium. In the ESS market, sodium-ion also has a safer thermal structure than lithium-ion and has the ability to operate in a broader temperature range. The Directors understand

that the United Nations has commenced its process to re-classify sodium-ion as a non-hazardous good for transportation purposes.

The Ultra Safe release date is expected in the third quarter of 2022, with early prototypes available later in 2021.

The Board considers that Ultra Safe, while at an earlier stage than the other differentiated cells, has the greatest opportunity to be a transformational product, given its substantial potential advantages over lithium-ion as a storage medium, in terms of safety and cost.

As Ultra Safe is not expected to be available until later in 2022, the Company is also developing a more conventional lithium-ion battery cell, which is expected by the Directors to be released in the fourth quarter of 2021, to enable the Company to establish a presence in the ESS market ahead of the launch of Ultra Safe.

In order to facilitate market access of this more conventional cell, the Company has entered into a memorandum of understanding in respect of a proposed joint venture with InfraNomics Pty. Ltd, an Australian company which developed the strategy for Lithium Valley, a substantial battery supply chain initiative in Australia. It is the Directors' expectation that the Company will acquire 50 per cent. of the share capital in Bardan Cells Limited (which is incorporated in Australia and of which Kevin Brundish and Dave Pell are currently directors), in the period following Admission. The Directors perceive Australia to be one of the world's most active ESS markets.

The Directors believe that early demand opportunities for ESS cells exist not only in Australia, but also in the UK, India, Africa and the Middle East. The Company is in early discussions with four potential customers concerning its Ultra Safe cell.

### **Product developments**

In addition to the highly differentiated cells described above, the Company is also developing, and has applied for patent protection for, a method of attaching a semi-conductor to a cell. The semi-conductor has the capability to provide cells with smart functionality, potentially enabling the monitoring of degradation, the optimisation of cell performance within a battery, and the determination of re-use once the primary use has concluded.

The Company also enjoys access to further advanced technology through its collaborative activities with (i) various technology companies, such as Nexeon Limited, William Blythe Limited and Sigma Lithium Limited, and (ii) university research teams, including fellow members of the Faraday Institution, the Warwick Manufacturing Group at the University of Warwick and the University of Oxford. This provides the Company with access, under terms to be agreed, to complementary technologies which may enhance its future activities, including, in particular, silicon and lithium metal anodes, which have the potential to significantly increase energy capacity and therefore, for example, vehicle range.

Finally, the Company has also collaborated with Dukosi Limited, Insplorion AB and Qdot Technology Limited in advancing other elements of cell design, including smart cells, electrode tabs, cell cooling and battery management systems.

## **6. DEVELOPMENT ACTIVITIES**

Development activities are very much a core focus of the Company and are integral to both the first and second steps of the Company's strategy, "Innovate" and "Commercialise", as described above.

Development projects in which the Company has participated have to date been awarded approximately £17.5 million of grant income, of which £5.8 million was awarded directly to the Company, with the balance to participating third parties. In addition, the Company has invoiced approximately £2.5 million of income principally related to cell development projects. Companies which have participated in development projects with the Company include Jaguar Land Rover Automotive PLC, Cosworth Limited, Williams Advanced Engineering Limited and Ilika plc.

The Directors intend that the Company will, for the foreseeable future, commit between £3 million and £4 million each year to development, in order to develop differentiated products for its target customer base.

In addition to the development of the differentiated battery cells described above, the Company has, as described in Section 4 above, also licensed additional energy storage technologies, including low-cost lithium-ion, flexible cells, structural batteries, cell and condition monitoring sensors, and fuel cells and hydrogen sources, each a potential technology for future development by the Company.

The Company has 22 employees in the Development team led by Steven Farmer, the Head of Innovation and Product Development. The team is based at Oxford and works in conjunction with colleagues at the Thurso manufacturing facility.

**7. THE COMPANY’S FACILITIES**

The Company expects initially to manufacture its cells at its purpose-built 43,000 sq. ft. leasehold facility in Thurso, Scotland, which, at the time it was mothballed in 2012, prior to its acquisition by the Company, had a manufacturing capacity of approximately one million cylindrical cells per annum (sub 0.1 GWh per annum). It is the Directors’ understanding based on their market knowledge that the Company is well placed as one of only five UK commercial battery cell manufacturers, with the second largest UK manufacturing capacity.



**Figure 4: The Company’s facility in Thurso, Scotland**

Having been returned to service by the Company in 2015, the Thurso facility is now a full cycle factory, capable of carrying out development work, preparing prototypes and manufacturing both pouch and cylindrical cells. The installed plant, equipment and machinery has a historic cost in excess of £9 million and a replacement value, estimated by the Directors, at in excess of £35 million.

The Company currently sub-lets approximately 35 per cent. of the floor space at its Thurso facility under an agreement which concludes in March 2023.

The Board intends that the Company will commit in 2022 to building a new manufacturing facility in the UK with a capacity of approximately 2GWh per annum (based on standard lithium-ion cells). It currently has a team analysing detailed design and process engineering for three alternative sites. The Company has generated a concept design, at a cost of approximately £0.25 million in conjunction with HSSMI, the sustainable manufacturing innovation consultancy, supported by approximately £0.17 million of government funding.

Prior to the new facility being commissioned, the Company, having entered into a framework agreement with the publicly funded UK BIC, has access to an additional 0.3GWh per annum of manufacturing capacity at UK BIC’s cell manufacturing facility near Coventry in the West Midlands.

The Group also leases a 2,200 sq.ft. office in Milton Park, Oxfordshire.

## 8. SALES AND MARKETING

The Company currently has a team of seven sales and marketing employees, led by Dave Pell, the Head of Sales and Marketing.

Having to date accessed intellectual property and been developing a pipeline of highly differentiated products, the Company is now engaging customers with respect to product supply.

The Sales and Marketing team, having identified in the Company's target markets potential customers which have a need that the Company can potentially address, typically works with such parties to agree a cell specification. Following the Development team then designing an agreed prototype, the Sales and Marketing team looks to agree a multi-year offtake agreement or supply contract with the customer.

The Company is actively engaged with 16 potential clients across its target markets. Whilst these are in some cases early-stage engagements ahead of the completion of the product development, the level of engagement is believed by the Directors to be sufficient to cover the production volume forecast prior to the construction of any new manufacturing facility.

The Directors anticipate that the team will grow from 7 to approximately 12 heads over the next three years, with additional sales resource in its target markets and additional general marketing support to underpin the Company's continuing expansion and growth.

The Company utilises standard online approaches, including website and social media activity, to enhance its marketing profile.

The Company also enhances its marketing profile through regular attendance at the annual Battery Show in Novi, Michigan in the US and the Battery Show Europe as well as speaking at a number of industry events internationally.

Finally, the Company further enhances its profile through:

- its membership of the Faraday Industrial Strategy Challenge Fund advisory board, whose purpose is to ensure that research and development is afforded sufficient attention in the UK Government's industrial strategy;
- its relationship with the Faraday Institution, the UK's independent institute for electrochemical energy storage research, skills development, market analysis and early-stage commercialisation;
- its membership, through Steven Farmer, the Company's Head of Innovation and Product Development, of the advisory group of UK BIC; and
- its membership of the Cross-Sector Battery Systems Innovation Network, a government network aimed, *inter alia*, at connecting battery purchasers with suppliers, and of which Kevin Brundish is currently co-chair.

## 9. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Brief biographies of the Directors and the senior managers of the Company are set out below. Paragraphs 6.4 and 6.5 of Part IV of this document contain further details of current and past directorships and certain other important information regarding the Directors.

### Directors

*David William Morgan (Independent Non-Executive Chair, aged 63)*

Appointed Chair on 14 April 2020, David has had wide-ranging board and senior management experience in a number of industries. Having trained as a chartered accountant with KPMG, he then spent over 20 years with Johnson Matthey plc, a global precious metals and chemicals business, and was executive director for Corporate Development from 1999 to 2009. He is chair of Nord Gold UK Societas, a privately owned gold miner, and a non-executive director of Maidstone and Tunbridge Wells NHS Trust. He was previously the senior independent director at the Royal Mint, deputy chair of SFC Energy AG and chair of Hargreaves Services plc, as well as a director of two venture backed start-ups, Econic Technologies Ltd and Phosphonics Ltd. His career has involved both general and financial management and he has international mergers and acquisitions and business development experience.

*Kevin David Brundish (Chief Executive Officer, aged 50)*

Kevin, together with various colleagues, founded AMTE Power in 2013. He has over 25 years' experience within public and private companies and has experience of fund raising and mergers and acquisitions. Kevin qualified as a Chartered Engineer and has worked for and with world leading engineering groups such as QinetiQ, Rolls Royce plc and Siemens AG, and has taken a number of technologies and businesses through concept, design and into production. He is a member of the Faraday Challenge advisory board and has been part of the industry group advising the top tier of UK Government on energy storage.

*Adam d'Arcy Thomas Westcott (Chief Financial Officer, aged 47)*

Adam was appointed as a Director on 16 December 2020, having joined AMTE Power in January 2018. He has over 20 years' experience in finance, most recently as either chief financial officer or finance director of a number of entrepreneur-led growth businesses. Prior to this, he advised a range of small and large companies during his time working in investment banking, covering equity, debt and M&A transactions. Adam is CIMA qualified and holds a Masters degree in Engineering from Oxford University.

*Rt. Hon. Viscount Thurso PC (Senior Independent Director, aged 67)*

Lord Thurso joined the Board on 1 June 2020, having served on a number of listed company boards and has been a senior independent director and remuneration committee chair. Following a career in the hospitality industry, he entered politics and was the Member of Parliament for Caithness, where the Thurso facility is located. He served on the Treasury Select Committee and the Parliamentary Banking Standards Commission. He is currently Chair of VisitScotland and sits in the House of Lords. Lord Thurso is currently a director of six other private companies.

*Adam Colton Park (Non-Executive Director, aged 51)*

Adam joined the Board in October 2016. Adam is the Chief Operating Officer of Renaissance Capital Partners, the family office, which is focused on disruptive technologies, of Kenneth Randall (which is expected on Admission to be interested, together with Adam Park, in 7.22 per cent. of the Enlarged Share Capital). Adam, who has general management experience across several industry sectors, is currently a director of Clearpath Consultancy Limited, and was formerly a director at Anna Alla Limited.

*Alyson Margaret Levett (Independent Non-Executive Director, aged 54)*

Alyson joined the Group as a Non-Executive Director on 16 January 2021. She is Chief Financial Officer of AIM quoted i-nexus Global PLC where she has a strategic role and day-to-day responsibility for planning, implementing, managing and controlling all finance-related activity. Alyson has an extensive background in finance, including as finance director of Griffin Internet prior to its acquisition by MDNX in 2012. Alyson was also a director of AML Financial Consultancy Limited, through which she provided consultancy services to businesses on a range of finance related matters. She has a Masters degree in Economics from Cambridge University and is a qualified chartered accountant.

## **Senior management**

The Directors are supported by the following key senior managers:

*David Pell (Head of Sales & Marketing, aged 58).*

Dave, who joined the Company in January 2020, has over 30 years' experience working in key sales and commercial roles in technology-based businesses. He has run a number of global sales organisations for the largest global IT and technology companies, commercial operations for BT Global Services, and has headed advanced technology divisions at QinetiQ, where he led the focus on technology transition and commercialisation, with a particular focus on applications in energy markets.

*Stuart Paterson (Head of Operations, aged 54)*

Stuart joined the Company in November 2019, bringing 23 years of battery industry experience gained via various local and global businesses. He initially completed a broad-based engineering apprenticeship with

Michelin before moving into management roles in engineering, production or operations with various Japanese and American companies. Stuart was one of the founding members and owners of MPower, a battery business based in Dundee, whose subsequent owners include Axion, Johnson Matthey and Cummins Inc. His career in operations has afforded him the opportunity to set up and manage operations in European as well as UK plants.

*Steven Farmer (Head of Innovation and Product Development, aged 60)*

Steve, who has over 30 years' experience working in high technology research and development and production, including technical, business, account and sales management, was a co-founder of AMTE Power in 2013. He has experience in leading complex teams and propositions for customers such as the UK Ministry of Defence, the US Department of Defense and original equipment manufacturers in aerospace, automotive, defence and energy markets. Steve heads up the Company's Development team.

## **Employees**

The Directors believe that the recruitment, motivation and retention of highly skilled, high-quality personnel is fundamental to the Group's ability to continue to meet the requirements of its clients and to its continuing success.

On 30 June 2020, the Group had a total of 55 employees, covering head office, development, production, sales and marketing and finance and administration functions as detailed in paragraph 6 of Part IV of this document. At 31 December 2020, this number had increased to 61, and the Directors anticipate further growth in this number, particularly upon the opening of the planned new UK manufacturing facility.

## **10. COMPETITIVE STRENGTHS**

The Company is looking to provide differentiated battery cells into specialist high growth marketplaces. It is not looking to compete directly with the major international cell manufacturers in supplying more conventional battery cells.

The Directors believe that the Company has the following principal competitive strengths:

- a highly experienced management team which has, since AMTE Power was founded in 2013, implemented a distinctive strategy combining accessing intellectual property, developing innovative cells to meet the needs of its specialist customers, and having the ability to manufacture, in due course cells on a commercial scale;
- it has accessed a strong intellectual property portfolio from technology companies QinetiQ and Faradion which enables it to develop new battery cells meeting the needs of its customers and leverage on the substantial early development investment by those companies;
- it has enjoyed considerable third-party support, having been working in conjunction with many industrial businesses, including nine leading UK automotive manufacturers and component suppliers, which has generated income to date of approximately £2.5 million, and having received approximately £9.1 million of equity finance and approximately £5.8 million of public sector grant awards;
- it is represented on the Faraday Industrial Strategy Challenge Fund advisory board;
- it is the Directors' understanding based on their market knowledge that the Company is well placed as, in the Directors' understanding, one of only five UK commercial battery cell manufacturers with its purpose-built cell manufacturing facility at Thurso, Scotland, which has the second largest cell manufacturing capacity in the UK;
- in addition to its Thurso facility, the Company has entered into a framework agreement governing access to the UK BIC cell manufacturing facility and, in 2022, intends to commit to build a further UK manufacturing facility with a capacity of approximately 2GWh per annum; and
- it has three highly differentiated battery cells in development, with one expected to enter production in each of the next three years, and a pipeline of technologies for future development.



In addition, the Directors further believe that the Company enjoys a substantial, specific competitive advantage in each of its target markets:

- in the automotive cells market, the Ultra High Power cells being developed by the Company for the high-performance vehicle sector have been shown in early test results to have significantly higher charge/discharge rates than off-the-shelf battery cells, thereby delivering power more quickly, which results in higher performance, giving them a significant competitive advantage;
- in the oil and gas cells market, the Ultra Prime cells can endure long phases of inactivity, high-temperature and high-pressure environments, each a significant advantage in this marketplace; and
- in the ESS cells market, the Company is developing its Ultra Safe cells based on sodium-ion, which, compared with lithium-ion:
  - is available more readily and at a lower price;
  - has a safer thermal structure;
  - is able to operate in a broader temperature range;
  - enables a battery cell to be fully discharged without causing damage to the cell; and
  - is less hazardous to transport.

In light of these significant, potential advantages, the Board believes that sodium-ion possibly represents a transformational technology in cell manufacture and the associated supply chain.

## **11. FINANCIAL INFORMATION**

Financial information relating to the Company's activities for the three years and three months to 30 June 2020 is set out in Part III of this document.

## **12. CURRENT TRADING AND PROSPECTS**

Since 30 June 2020, the Company has continued to operate in accordance with the Board's expectations in developing its highly differentiated battery cells in conjunction with its current and potential customers.

The Company has, over the last twelve months, modified its operating practices with, for example, increased home-working and social distancing, to enable it to continue operating during the COVID-19 pandemic.

Whilst there has been some impact in the short-term, with fewer prototypes being commissioned and a delay in the opening of UK BIC, which has caused more prototype production than planned to be conducted at Thurso, the impact on the medium and long-term prospects of the Company has been negligible.

## **13. REASONS FOR THE PLACING AND USE OF PROCEEDS**

The net proceeds of the Placing receivable by the Company of approximately £11.33 million will be applied to finance the general working capital requirements of the Company, prior to income generation, comprising principally:

- maintaining access to its intellectual property;
- cell development;
- capital expenditure; and
- meeting general overheads.

The Directors believe that Admission will be beneficial to the Company for the following reasons:

- it will raise the profile and increase the transparency of the Company amongst potential customers, governments and trade bodies in its chosen markets;
- it will increase the ability of the Company to raise new funds to pursue growth opportunities in the market for highly differentiated battery cells;
- it will enhance the Company's ability to attract and retain senior industry talent; and
- it will enable the Company to issue further new Ordinary Shares as consideration in connection with any acquisition opportunities.

#### 14. DETAILS OF THE PLACING AND ADMISSION

The Company, the Directors and the Joint Bookrunners have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, the Joint Bookrunners have conditionally agreed to use their reasonable endeavours to procure subscribers for the New Ordinary Shares to be issued by the Company under the Placing.

The Selling Shareholders and WH Ireland have entered into the Selling Shareholder Agreement relating to the Placing pursuant to which, subject to certain conditions, WH Ireland has conditionally agreed to use its reasonable endeavours to procure purchasers for the Sale Shares to be sold by the Selling Shareholders under the Placing.

The Placing has not been underwritten. The New Ordinary Shares represent approximately 21.35 per cent. of the Enlarged Share Capital.

The Placing will raise approximately £12.95 million (before expenses) for the Company and approximately £0.74 million (before expenses) for the Selling Shareholders.

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

The Placing Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 12 March 2021 or such later time and date, being not later than 1.00 p.m. on 31 March 2021, as the Company and the Joint Bookrunners shall agree.

The Selling Shareholder Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 1.00 p.m. on 31 March 2021.

Further details of the Placing Agreement and the Selling Shareholder Agreement are set out in paragraphs 11(a) and 11(c) of Part IV of this document, respectively.

#### 15. LOCK-IN ARRANGEMENTS

Each of the Directors and certain Shareholders (together the **“Covenantors”**) have undertaken to the Company and the Joint Bookrunners (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company or otherwise with the prior consent of the Joint Bookrunners) not to dispose of, in aggregate, 18,107,596 Ordinary Shares (representing approximately, 52.23 per cent. of the Enlarged Share Capital) held by each of them (and their connected persons (within the meaning of section 252 of the Act)) (the **“Restricted Shares”**) following Admission prior to the first anniversary of Admission (the **“Lock-in Period”**).

Furthermore, the Covenantors have also undertaken to the Company and the Joint Bookrunners not to dispose of the Restricted Shares for the period of 12 months following the expiry of the Lock-in Period, subject to limited exceptions, otherwise than through the Joint Bookrunners, for such time as each shall remain broker to the Company.

Further details of these arrangements are set out in paragraph 11(d) of Part IV of this document.

#### 16. CORPORATE GOVERNANCE

AIM-quoted companies are required to state which recognised corporate governance code they will follow from Admission, and how they comply with such code and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

## **The Board**

The Board will be responsible for the overall management of the Group, including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. The Board currently comprises six Directors, of whom two are executive and four are non-executive. The Board considers three of the non-executives, being David Morgan, Rt. Hon. Viscount Thurso PC and Alyson Levett, to be independent and, as such, the Company complies with the requirements of the QCA Code in this regard.

In accordance with the QCA Code, the Board has appointed Viscount Thurso to be the Senior Independent Director. The Senior Independent Director should be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chair, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

With effect from Admission, the Board has established an audit and risk committee (the **"Audit and Risk Committee"**) and a remuneration committee (the **"Remuneration Committee"**). Given the size of the Board, it does not intend to establish a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation.

### **The Audit and Risk Committee**

The Audit and Risk Committee will be chaired by Alyson Levett. Its other members will be Viscount Thurso, David Morgan and Adam Park. The Audit and Risk Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

Further, the Audit and Risk Committee will advise the Board on the Group's overall risk appetite and strategy including, *inter alia*, regularly reviewing and updating (if appropriate) the risk assessment processes in place, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

The Audit and Risk Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

### **The Remuneration Committee**

The Remuneration Committee will be chaired by Viscount Thurso. Its other members will be David Morgan, Adam Park and Alyson Levett. The Remuneration Committee will make recommendations to the Board on matters relating to the remuneration and terms of employment of the Executive Directors. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company will be set by the Board.

## **Share dealings**

The Company has adopted a share dealing code, with effect from Admission, for Directors and applicable employees (as defined in the AIM Rules for Companies) of the Group for the purpose of ensuring compliance by such persons with the provisions of Rule 21 of the AIM Rules for Companies and MAR relating to dealings in the Company's securities. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of MAR.

## **17. GREEN ECONOMY MARK**

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

## **18. DIVIDEND POLICY**

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount thereof will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Company's early stage of development, for the foreseeable future the Directors do not envisage that the Company will pay dividends and intend to re-invest surplus funds in the development of the Group's business.

## **19. EMI PLAN**

The Directors believe that the success of the Group will depend to a significant degree on the future performance of its management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the EMI Plan, further details of which are set out in paragraph 9 of Part IV of this document. Details of options currently held by the Directors are set out in paragraph 7 of Part IV of this document.

It is currently intended that the EMI Plan will continue to be used to provide share incentives to key employees.

Following Admission, the Company will comply with the Investment Committee Principles of Remuneration, published in November 2018, in respect of future grants of options under the EMI Plan and any future share option schemes.

## **20. TAXATION**

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 in Part IV of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

## **21. THE CITY CODE ON TAKEOVERS AND MERGERS**

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him or her) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he or she is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him or her, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

It has been agreed with the Panel that the Concert Party comprises Carl Maine, Steven Farmer, Kevin Brundish, Philip Betts, Paul Tillett, John Fox, Simon Snow, George Morris, Kimberley Levins, Carlton Simmons, Andrew Waite, Matthieu Billiet, Jeremie Tobelem, William Sissen, William Baillieu and Lodovica Speri for the purposes of the City Code.

On Admission, the Concert Party will hold 12,832,510 Ordinary Shares, in aggregate, representing 37.02 per cent. of the Enlarged Share Capital.

Since, on Admission, the Concert Party will together hold more than 30 per cent. but less than 50 per cent. of the Enlarged Share Capital, it will be unable to increase its aggregate holding of Ordinary Shares without making a general offer for the Company under Rule 9 or otherwise with the Panel's consent.

As set out in paragraph 7.6 of Part IV of this document, Kevin Brundish, Steve Farmer and Paul Tillett have been granted options under the EMI Plan to subscribe for, an aggregate of 416,639 new Ordinary Shares (the "CP Options"). To the extent that the exercise of the CP Options in future increases the Concert Party's interest in Ordinary Shares through a Rule 9 threshold, it has been agreed with the Panel that any such increase would not trigger an obligation to make a mandatory offer pursuant to Rule 9 on the basis that the consequence of such increases have been fully disclosed in this document.

Further details concerning the shareholdings of the Concert Party are set out in paragraph 7.6 of Part IV of this document.

## **22. ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for all of the Ordinary Shares, issued 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 will commence in the Ordinary Shares at 8.00 a.m. on 12 March 2021.

No temporary documents of title will be issued. All documents sent by or to a placee, 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.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual 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 paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **23. FURTHER INFORMATION**

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III and IV of this document which contain further additional information on the Group.

## PART II

### RISK FACTORS

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

***The risk factors set out below apply to the Company and the Group as at the date of this document. The risk factors which are most material to an investment in the Ordinary Shares, in the assessment of the Directors, are set out first.***

***The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Company and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Company, against which the Company has taken protective measures, and should be used as guidance only. Additional risks and uncertainties relating to the Company and/or the Ordinary Shares that are not currently known to the Company, or which the Company currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Company'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.***

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

#### **RISKS RELATING TO THE COMPANY'S BUSINESS**

##### **1. The Company may not expand or operate as envisaged**

The Company's success depends on its ability to expand, operate, and manage successfully its operations. Its ability to expand successfully will depend upon a number of factors, including the following: licensing relevant successful technologies; signing with strategic partners, dominant in their field; the continued development of its business and products, including the successful performance of its products, the development of the supply chain, the production of its products in commercial quantities at an economic price, the hiring, training, and retention of additional personnel, the ability to enhance its operational, financial, and management systems, the availability of adequate financing, competitive factors, general economic and business conditions and the ability to implement methods for revenue generation.

##### **2. The Company is dependent on technology and product development**

Although the Company has successfully completed the initial development of several products, continued development of additional products will be required. There can be no assurance that any of the Company's product candidates will be successfully developed or commercialised. The Company may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop products of sufficient quality and at low enough cost. Furthermore, there can be no assurance that any of the Company's developed products will successfully complete any applicable regulatory certification or testing process or that they will meet the regulatory and production requirements necessary for commercial distribution. If the Company's development programme is curtailed due to any of the above issues, this may have an adverse material effect on the Company's business and financial conditions.

The Company's success and ability to compete are dependent on underlying technologies which the Company has accessed, developed or may develop in the future. There is a risk that the technology that

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

### **3. Supply chain development**

The Company's success depends on its ability and future ability to secure raw materials, however this ability may be impacted by numerous factors, including global demand or other factors limiting the availability, cost or quality of supply, which would impact upon the Company's performance.

### **4. Intellectual property and know-how**

The Company's success depends in part on its ability to protect its rights in its intellectual property. The Company relies upon various intellectual property protections, including trade secrets, licence agreements, patents, trademarks and contractual provisions, including with current and former employees and contractors, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorisation.

There may not be adequate protection for the intellectual property in every country in which the Company sells its cells and policing unauthorised use of proprietary information is difficult and expensive. Due to the Company's current size and limited cash resources, it may not be able to adequately detect and prevent infringement of its intellectual property. Should a third party successfully demonstrate priority over any of these rights, it could inhibit the Company from selling products in certain territories.

The steps which the Company has taken and intends to take to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary technology. Any misappropriation of the Company's intellectual property could have a negative impact on the Company's business and its operating results. Furthermore, the Company may need to take legal action to enforce its intellectual property, to protect trade secrets or to determine the validity or scope of the proprietary rights of others. Litigation relating to the Company's intellectual property, whether instigated by the Company to protect its rights or arising out of alleged infringement of third-party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Company's rights.

### **5. Reliance on licences**

The Company has licences, currently with two licensors, for the use of certain patents and technologies used in connection with a material part of the Company's business. The Company's business is dependent on the commercialisation of these technologies and as a result its success depends to an extent on its ability to retain these licences. The licence agreements include certain financial obligations that the Company must perform in order to retain licence rights, comprising royalty payments and ongoing fees, in some cases expressed in fixed monetary amounts, through the life of the patents. If the Company defaults in the payment of these royalties and fees, each licensor has the right to terminate its licence agreement. Although the Directors believe that the Company has a good working relationship with each licensor, the Company may not be able to perform these obligations, and a licensor may terminate a licence agreement. The Company may not be able to generate sufficient revenue from its products to satisfy the payment obligations, although the Company is able to reduce these obligations in certain circumstances by foregoing exclusivity. In addition, certain of the licences are for fixed terms, which are extendable by negotiation. The failure or inability to retain the licence rights would have a material adverse effect on the Company's business, financial condition and results of operation.

## **6. Coronavirus**

A high degree of uncertainty exists around the impact of the COVID-19 pandemic on the economy and the Company. Given a significant number of Government schemes designed to support the economy through the pandemic are still in place, the full economic impact of COVID-19 is unknown. It has been suggested that the economic fall-out from COVID-19 could trigger a deep, long lasting recession which could significantly impact the Company. Finally, there may also be changes as a consequence of COVID-19 that impact the Company and its trading in the future, but which are currently unknown to the Directors and cannot be reasonably predicted. All these factors have the potential to significantly affect the viability of the Company's business model and its ability to be able to trade.

## **7. European Union**

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

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

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

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

## **8. Unfavourable contract/licence terms**

The Company has a small number of contractual/licensing relationships which include warranties, indemnities, provided in some cases on an uncapped basis, and termination rights. Whilst the warranties and indemnities are limited in scope and application, they are not, in all cases, limited to the contracting party – they are, in certain cases, extended to third parties. Such warranties and indemnities create an inherent risk that any liability on the Company's part for any breach could be material, given the uncapped basis. A successful claim under such warranties or indemnities or the exercise of the termination rights may have a significant impact on the Company's performance.

## **9. The Company is exposed to potential product liability**

Some of the Company's activities may expose it to potential product liability and professional indemnity risks, as well as litigation and reputational risks, which are inherent in the development and manufacture of its products and future products. Any product liability claim brought against the Company, with or without merit, could result in the increase of the Company's product liability insurance rates or the inability to secure coverage in the future. There can be no assurance that the necessary insurance cover will be available to the Company at a commercially acceptable cost or that, in the event of any claim, the level or extent of insurance carried by the Company now or in the future will be adequate, or that a product liability or other claim would not materially and/or adversely affect the business of the Company.

## **10. Dependence on key executives and personnel**

The Company's development and prospects are dependent upon training and retaining qualified professional, scientific and technical operating staff. In particular, the Company's success depends to a significant degree upon the vision, technical and specialist skills, experience, performance, and continued



service of its Directors, senior management and other key personnel. Whilst the Company has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed and the loss of the services of any of the Directors, senior management or key personnel may have a material adverse effect on the Company and its commercial and financial performance.

#### **11. Ability to recruit and retain skilled personnel**

The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed. Identifying and hiring any additional personnel and replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results, and there can be no assurance that the Company will have sufficient financial resources. Effective product development and innovation, upon which the Company's success is dependent, is in turn dependent upon attracting and retaining talented technical, engineering and marketing personnel, who represent a significant asset and serve as the source of the Company's technological and product innovations. In addition, to expand the Company's customer base and increase sales, the Company will need to hire additional qualified sales personnel. If the Company is unable to hire, train and retain such personnel in a timely manner, the development and introduction of the Company's products could be delayed and its ability to sell its products and otherwise to grow its business will be impaired and such delay and inability may have a detrimental effect upon the performance of the Company.

#### **12. The battery cell market may not mature in the way the Directors expect**

The market for battery cells is developing. The Directors expect the market to mature to a stage where there is significant demand for its products in automotive, oil and gas and ESS markets. To meet growth projections battery cells need to become widely accepted and utilised in these and other sectors. There is a risk that the market may not mature in this way, or at the pace expected.

#### **13. Leasehold properties**

The Company leases its two properties and may therefore incur additional liabilities, including in relation to dilapidations at the conclusion of the leases in excess of provisions the Company has established, which would impact upon the Company's performance.

#### **14. Development spend may affect profitability**

The Company's products are in prototype stage, and as such development spend will continue. There is a risk that the Company is unable to meet its projected product release dates, and that development spend may adversely affect performance.

#### **15. The Company faces competition in a rapidly evolving market**

Although the Directors believe that significant barriers to entry exist in the markets in which the Company operates, including for example the technical skill and expertise required to develop its battery cells, the Company may face an increasing amount of competition. Competitors may seek to develop products which more successfully compete with the Company's products and they may also adopt more aggressive pricing models or undertake more extensive marketing campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Company in the future.

#### **16. Risks of technological change and technological obsolescence**

The Company's products could be adversely impacted by the development of alternative technology, such as fuel cells and the use of hydrogen as a core attribute of next generation vehicles. There can be no assurance that the Company's products will not be rendered obsolete. In addition, there is no guarantee that the Company will be able to adapt existing technology for future use cases.

## **17. Limited period of operating history and history of losses**

The Company was incorporated in 2013 and therefore has a comparatively short operating history, which makes an evaluation of the Company's business and prospects difficult. In particular the Company has yet to earn revenue from battery cell sales and the Company has incurred net losses to date.

The Company's development programme and growth plans, in relation to its commercial activities, including the proposed expansion of staffing levels, together with anticipated general administrative expenses, could result in the Company sustaining significant losses for the foreseeable future. In addition, there are risks associated with such expansion, not least because of the need to control the operating expenses in the period when significant income is starting to be generated.

## **18. Risks associated with the manufacturing process**

Once any of the Company's products enters the market, the Company will need to achieve substantially greater production volumes (both at its existing Thurso manufacturing facility and elsewhere) in order to fully capitalise on the commercial opportunity relating to that product.

As a result, the success of the Company's growth is dependent in part on its ability to scale production of its products with a view to full production volumes. To the extent that the Company is unable to adequately scale manufacturing production, due to factors such as an increase in demand that cannot be met, its business, growth and financial condition may be adversely affected through an impaired ability to meet the demands of new and existing clients.

## **19. Government energy market policy may change**

The energy markets in many countries rely, to a large degree, on national and international regulatory policy. While the EU, the UK and the USA have, in recent years, adopted policies and mechanisms actively supporting renewable energy and battery technologies, it is possible that this approach could be modified or changed in the future, including as a result of a change in government or a change in government policy, relating to renewable energy directly or to energy policy more generally. These changes could, in some circumstances, materially affect the Company's business and growth plans.

## **20. Contravention of environmental and safety regulation could have an adverse impact on the Company**

The Company's operations, including its development facilities, are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial. Although the Directors believe that the Company's procedures comply with applicable regulations, the risk of accidental contamination or injury from such materials cannot be eliminated. In the event of an incident, the resulting liabilities could have an adverse impact on the Company. Similarly, many of the Company's suppliers, collaborators and customers are subject to similar laws and regulations. Contravention of these laws and regulations by such parties could have an adverse impact on the Company.

## **21. Access to UK BIC**

Although the Company has entered into a framework agreement in respect of the UK BIC facility at Coventry, which provides for access to that manufacturing facility, there can be no guarantee that when the Company seeks such access, as it plans to do in due course, that adequate capacity will be available. Whilst the Directors consider this unlikely, an inability to manufacture battery cells at UK BIC when such access is required would have a detrimental effect upon the performance of the Company.

## **GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES**

### **1. General**

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

### **2. Legislation and tax status**

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### **3. General economic climate**

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Company's operations, business and profitability can be affected by these factors, which are beyond the control of the Company.

### **4. Economic, political, judicial, administrative, taxation, environmental or other regulatory matters**

In addition to the impact of the downturn of the world's economies, the Company may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters. The Company may not have been and may not be at all times in complete compliance with environmental laws, regulations and permits, and the nature of the Company's operations expose it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Company violates or fails to comply with environmental laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanctions, and the Company's operations could be interrupted or suspended.

### **5. No prior market for the Ordinary Shares**

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

### **6. Share price volatility and liquidity**

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Company may make in terms of developing and expanding its products or its actual financial, trading or operational performance. These factors could include the performance of the Company, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company's shares. The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either

exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

#### **7. Substantial sales of Ordinary Shares**

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements, details of which are set out in paragraph 11 of Part IV of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

#### **8. There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM**

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the value of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

#### **9. Investment in AIM traded securities**

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity (as stated above), therefore making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Prospective investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment.

#### **10. Issue of additional Ordinary Shares**

It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that such an issue of Ordinary Shares is not effected on a pre-emptive basis, or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

## PART III

### ACCOUNTANTS' REPORT ON THE COMPANY

#### SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AMTE POWER PLC

**Saffery Champness**  
CHARTERED ACCOUNTANTS

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9 March 2021

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AMTE Power plc  
Suite 1, 3rd Floor  
11-12 St. James's Square  
London  
SW1Y 4LB

WH Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

Dear Sirs

#### **Accountant's report on the consolidated historical financial information of AMTE Power plc (the "Company") and its subsidiary undertakings (the "Group")**

##### **Introduction**

We report on the historical financial information of the Group as set out in Section B of Part III of this document. This historical financial information has been prepared under the accounting policies set out in note 2 for inclusion in the admission document dated 9 March 2021 of AMTE Power plc ("Admission Document") in connection with the placing and admission of its share capital to trading on AIM. 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 Schedule and for no other purpose.

##### **Opinion**

In our opinion, the historical financial information set out in Section B of Part III gives, for the purposes of the Admission Document, a true and fair view of the state of the affairs of the Group as at 31 March 2018, 31 March 2019 and 30 June 2020 and of its results and cash flows for the periods then ended in accordance with the basis of preparation and the accounting policies set out in note 2 to the historical financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

##### **Responsibilities**

The directors of AMTE Power plc (the "Directors") are responsible for preparing the historical financial information on the basis set out in note 2 to the historical financial information and in accordance with IFRS.

It is our responsibility to form an opinion as to whether the historical financial information gives a true and fair view, for the purposes of the Admission Document, 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 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 paragraph (a) of Schedule Two of the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the "FRC"). We are independent of the Group in accordance with relevant ethical requirements. In the United Kingdom this is the FRC'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 historical financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate, 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 historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two to the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and we declare that, having taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and that the report 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

**Saffery Champness LLP**

*Chartered Accountants*

## SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

### Consolidated statements of comprehensive income

	<i>Notes</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
<i>Continuing operations</i>				
Revenue	4	1,281,833	847,610	1,264,855
Cost of sales		<u>(1,037,631)</u>	<u>(672,669)</u>	<u>(1,231,343)</u>
<b>Gross profit</b>		<u>244,202</u>	<u>174,941</u>	<u>33,512</u>
Other income	5	42,791	50,622	199,760
Administrative expenses		<u>(1,327,018)</u>	<u>(1,228,295)</u>	<u>(2,111,959)</u>
<b>Operating loss</b>	6	<u>(1,040,025)</u>	<u>(1,002,732)</u>	<u>(1,878,687)</u>
Finance income	8	15,781	12,540	16,741
Finance expense	8	<u>(112,261)</u>	<u>(138,980)</u>	<u>(242,111)</u>
<b>Loss before taxation</b>		<u>(1,136,505)</u>	<u>(1,129,172)</u>	<u>(2,104,057)</u>
Taxation	9	<u>91,378</u>	<u>108,325</u>	<u>222,271</u>
<b>Loss and total comprehensive loss for the period</b>		<u>(1,045,127)</u>	<u>(1,020,847)</u>	<u>(1,881,786)</u>
<b>Basic and diluted loss per share</b>	10	<u>(£23.18)</u>	<u>(£19.95)</u>	<u>(£32.57)</u>

## Consolidated statements of financial position

		<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>Notes</i>	<i>31 March</i>	<i>31 March</i>	<i>30 June</i>
		<i>2018</i>	<i>2019</i>	<i>2020</i>
		£	£	£
<b>Non-current assets</b>				
Intangible assets	11	–	3,064,255	18,061,139
Property, plant and equipment	12	1,066,182	1,215,033	1,165,179
Right-of-use assets	13	285,118	239,494	1,146,450
Investments		–	–	2
<b>Total non-current assets</b>		<u>1,351,300</u>	<u>4,518,782</u>	<u>20,372,770</u>
<b>Current assets</b>				
Inventories	14	17,827	22,916	219,133
Trade and other receivables	15	613,795	702,467	889,120
Tax receivables		62,963	99,136	96,543
Receivables under sub-leases		133,023	59,553	–
Cash and cash equivalents	15	1,141,228	381,856	949,569
<b>Total current assets</b>		<u>1,968,836</u>	<u>1,265,928</u>	<u>2,154,365</u>
<b>Total assets</b>		<u>3,320,136</u>	<u>5,784,710</u>	<u>22,527,135</u>
<b>Current liabilities</b>				
Trade and other payables	16	(165,701)	(273,653)	(610,042)
Borrowings	17	(291,950)	(9,624)	(20,350)
Patent licence obligations	18	–	(49,789)	(500,401)
Lease liabilities	19	(160,517)	(149,118)	(106,316)
Deferred income	20	(13,833)	(20,090)	(28,564)
<b>Total current liabilities</b>		<u>(632,001)</u>	<u>(502,274)</u>	<u>(1,265,673)</u>
<b>Non-current liabilities</b>				
Borrowings	17	–	(30,536)	(95,216)
Patent licence obligations	18	–	(1,785,134)	(14,595,655)
Lease liabilities	19	(130,111)	(64,551)	(1,001,304)
Deferred income	20	(147,037)	(915,642)	(1,898,091)
Provisions for dilapidations	21	(167,413)	(182,983)	(208,309)
<b>Total non-current liabilities</b>		<u>(444,561)</u>	<u>(2,978,846)</u>	<u>(17,798,575)</u>
<b>Total liabilities</b>		<u>(1,076,562)</u>	<u>(3,481,120)</u>	<u>(19,064,248)</u>
<b>Net assets</b>		<u>2,243,574</u>	<u>2,303,590</u>	<u>3,462,887</u>
<b>Equity</b>				
Share capital	22	251	267	321
Share premium	22	4,060,996	5,092,139	8,067,562
Share options reserve	23	12,742	62,446	128,052
Accumulated losses		(1,830,415)	(2,851,262)	(4,733,048)
<b>Total equity</b>		<u>2,243,574</u>	<u>2,303,590</u>	<u>3,462,887</u>



## Consolidated statements of changes in equity

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Share options reserve</i> £	<i>Accumulated losses</i> £	<i>Total</i> £
<b>Balance at 1 April 2017</b>	207	1,896,037	1,853	(785,288)	1,112,809
Share based payments	–	–	10,889	–	10,889
Issue of shares (less fundraising costs)	44	2,164,959	–	–	2,165,003
Total comprehensive loss for the year	–	–	–	(1,045,127)	(1,045,127)
<b>Balance at 31 March 2018</b>	251	4,060,996	12,742	(1,830,415)	2,243,574
Share based payments	–	–	49,704	–	49,704
Issue of shares (less fundraising costs)	16	1,031,143	–	–	1,031,159
Total comprehensive loss for the year	–	–	–	(1,020,847)	(1,020,846)
<b>Balance at 31 March 2019</b>	267	5,092,139	62,446	(2,851,262)	2,303,590
Share based payments	–	–	65,606	–	65,606
Issue of shares (less fundraising costs)	54	2,975,423	–	–	2,975,477
Total comprehensive loss for the period	–	–	–	(1,881,786)	(1,881,786)
<b>Balance at 30 June 2020</b>	321	8,067,562	128,052	(4,733,048)	3,462,887

## Consolidated statements of cash flows

	Year ended 31 March 2018 £	Year ended 31 March 2019 £	15 months ended 30 June 2020 £
<b>Cash flow from operating activities</b>			
Losses after taxation	(1,045,127)	(1,020,847)	(1,881,786)
<b>Adjustments for non-cash items</b>	29 199,537	425,810	641,139
Tax credits received	214,166	72,152	224,864
<b>Cash flow used in operating activities before changes in working capital</b>	<u>(631,424)</u>	<u>(522,885)</u>	<u>(1,015,783)</u>
<b>Change in working capital</b>			
Change in inventories	6,676	(5,089)	(196,217)
Change in current receivables	(563,022)	(105,005)	(209,243)
Change in current non-interest bearing liabilities	88,974	105,529	335,832
<b>Cash flow used in working capital</b>	<u>(467,372)</u>	<u>(4,565)</u>	<u>(69,628)</u>
<b>Net cash flow used in operating activities</b>	<u>(1,098,796)</u>	<u>(527,450)</u>	<u>(1,085,411)</u>
<b>Investing activities</b>			
Intangible fixed asset additions	–	(666,067)	(1,055,027)
Purchase of property, plant and equipment	(792,085)	(428,734)	(415,562)
Investments	–	–	(2)
Repayment of sub-lease	83,000	83,000	62,250
Interest received	–	201	4,573
<b>Net cash used in investing activities</b>	<u>(709,085)</u>	<u>(1,011,600)</u>	<u>(1,403,768)</u>
<b>Financing activities</b>			
Proceeds from borrowings	500,000	50,000	100,000
Re-payment of borrowings	(72,000)	(45,530)	(18,585)
Proceeds on issue of shares	1,964,860	775,208	2,975,477
<b>Cash flow from financing activities</b>	<u>2,392,860</u>	<u>779,678</u>	<u>3,056,892</u>
<b>Net change in cash and cash equivalents</b>	<u>584,979</u>	<u>(759,372)</u>	<u>567,713</u>
Cash and cash equivalents, beginning of year	556,249	1,141,228	381,856
Cash and cash equivalents, end of year	<u>1,141,228</u>	<u>381,856</u>	<u>949,569</u>
<b>Cash and cash equivalents for continuing operations</b>	<u>1,141,228</u>	<u>381,856</u>	<u>949,569</u>

## 1. General information

AMTE Power plc is a public company incorporated in the England and Wales. The address of its registered office is Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

The Group develops a range of lithium-ion and lithium-ion derivative battery cells to meet the needs of specialist customers. Such customers, which include manufacturers of high-performance vehicles, energy storage solutions and specialist engineering equipment, are not, in the Directors' experience, the primary focus of the international battery cell manufacturers and thereby offer a significant and scalable opportunity for the Group.

## 2. Basis of preparation and significant accounting policies

### (a) *Basis of preparation*

The consolidated historical financial information of the Group plc for the year ended 31 March 2018, year ended 31 March 2019 and 15-month period ended 30 June 2020 has been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and therefore the historical financial information complies with Article 4 of the EU IAS Regulation.

The Group changed its year-end from 31 March to 30 June and the period ended 30 June 2020 is the first financial reporting period for the new year end date. The Group extended its reporting period to allow it to complete certain changes to its policies and complete an internal restructuring of the business ahead of an anticipated fundraise in 2021. As a result, the three periods are not comparable on a like-for-like basis. The Group's parent entity changed its name from AMTE Power Ltd. to AMTE Power plc in March 2021.

At the end of 30 June 2020, the Group transferred all of its operating activities and associated assets, liabilities and all of the employees that were not furloughed at the time from AGM Batteries Limited, its wholly owned subsidiary, to AMTE Power plc (as it was called at the time). There are no changes to the historical financial information resulting from this internal restructuring.

The historical financial information has been prepared on the historical cost basis except for certain financial instruments which are required to be measured at fair value.

#### *Going concern*

The Group had net assets of £3,462,887 as at 30 June 2020 but is nevertheless currently dependent on its shareholders for support. In previous years this has been forthcoming from both its existing and new shareholders. The Directors have confirmed continued support for the Group and have taken steps to access new funding opportunities.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the historical financial information.

### (b) *Significant accounting policies*

#### *Accounting standards applied using the full retrospective approach*

The Group has applied IFRS for each of the three periods featured in the historical financial information using the full retrospective approach for the applicable standards to all contracts from contract inception as if the new rules were in effect until the present day.

#### *Basis of consolidation*

The consolidated historical financial information comprises the historical financial information of AMTE Power plc and its subsidiaries. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The results, assets and liabilities of associates are accounted for under the equity method of accounting.

Where necessary, adjustments are made to the historical financial information of subsidiaries and associates to bring the accounting policies used into line with those of the Group. All intercompany balances and transactions including unrealised profits arising from inter-group transaction have been eliminated in full.

There are currently no interests relating to non-controlling shareholders, but should the situation arise then those interests would be measured at the non-controlling interest proportion of the net fair value of the assets and liabilities recognised. Any difference between the change in the non-controlling interest and the fair value of the consideration paid or received will be recognised directly in equity and attributed to the equity holders of the parent.

### *Income*

Income recognised by the Group consists of commercial revenue and grant income. It is generated from the principal activities of the Group and represents amounts (excluding VAT) earned in respect of goods delivered and services rendered to customers net of trade discounts.

#### Revenue recognition policy for commercial contracts

The Group enters into commercial contracts with customers which stipulate certain deliverables or milestones to be met by the Group during the life of the contract, against which payments are to be made. Under the terms of the contracts, the Group is able to raise invoices for these payments when these milestones have been achieved to the satisfaction of both contracting parties.

The Group recognises the revenue from these invoices when the particular milestone has been achieved and the invoice has been raised. Due to the development nature of the work, it does not accrue the income over the life of the contract, and so there is no accrued income or deferred income arising from these contracts.

#### Revenue recognition policy for grant income

The Group enters into consortiums with partners who together will apply for grant income to be paid out against a project that contains defined deliverables, clear outcomes and a set level of expenditure. Each partner agrees a set level of expenditure at the start of the project and a level of grant income paid for by the grant provider is allocated for payment against the expenditure incurred, however the deliverables on the project for each partner are linked. Such projects are sought by the Group as they provide funding over one or more work streams that form part of the Group's programme(s) to deliver new products.

The Group recognises the costs of a project in the period in which they are incurred, and the grant income that is provided against this expenditure is recognised as income in the same period. The grant income recognised each month is recorded as accrued income, with a balancing amount recorded in trade receivables. The grant programmes that the Group participates in typically operate on a three month cycle, with accrued income over each three month period paid in the month following that period.

Where the expenditure on a product has been capitalised and the matching grant income has been recognised, the grant income matching to the capitalised expenditure will be treated as deferred income and included in the consolidated statement of financial position as a liability. It will remain on the balance sheet until such time that it can be amortised and recognised.

For grant income financed projects, the Group determines the deliverables and obligations, such as the reaching of milestones in a development programme. It will also determine the expenditure profile over the life of the project at the start of the project, in alignment with the total value of the grant contract expenditure and relevant grant income.

#### Duration of contract

Grant funded projects are for a defined period however the consortium may seek permission to extend the life of a project should it feel this is required to meet the obligations and deliver the outcome(s) of the project. Should the project be extended, then the expenditure profile looking forward will be

extended over the new period, however the total value of the contract will not change. The revenue profile of the project will also change to mirror the new expenditure profile.

The Group does not capitalise expenditure against project deliverables but against new products being developed, of which the project forms just one or more of the overall product development programme.

#### Contract modifications

A contract modification takes place with the agreement of the partners and the grant provider, which may create new deliverables and outcomes. Grant income is recognised against the actual expenditure incurred and so a change of contract is not expected to impact on the income previously recognised.

Contract modifications may be accounted for as a separate contract if the contract scope changes due to the addition of distinct goods or services.

#### *Foreign currency*

The historical financial information of each of the Group's businesses is prepared in the functional currency applicable for that business, which is pounds sterling. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are reported at the rate of exchange prevailing at that date.

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising on translation are included in the income statement.

#### *Financial income and expense*

Financial income includes interest received from bank assets and interest on sub-let properties as well as the difference between the fair value and carrying value of borrowings. Finance expenses relate to interest paid on borrowings, interest due on leases for property and equipment, interest due on patent licence obligations as well as the change in fair value of provisions for dilapidations.

The Group has applied the weighted average incremental borrowing rate achieved by it of 9.3 per cent. to the lease liabilities recognised under IFRS 16 to calculate the finance expense, and it has applied the Group's weighted average cost of capital ("**WACC**") of 14.5 per cent. to the patent licence obligations.

#### *Other income*

The Group has received additional grant payments against the capital expenditure it has made during the period covered by the historical financial information. These grant payments have been recognised as deferred income in the statement of financial position and then amortised over the life of the capital assets purchased in line with the depreciation policy. The amortised income is recorded in other income.

The Group claims R&D Expenditure Credit ("**RDEC**") on the costs it incurs in its grant funded projects. RDEC is considered taxable income and therefore the Group records the RDEC under Other income in the statement of comprehensive income, and the associated tax charge levied against this income is recorded in the taxation line.

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax as well as R&D tax credits the Group expects to receive as a result of its activities during the year. At present, the Group has been loss making and so no tax has been or is payable on its trading activities since the incorporation of the Company in 2013.

#### Current tax

Any tax payable will be based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 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 tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### R&D tax credits

As well as receiving RDECs, the Group also receives R&D tax credits on the development expenditure it makes on the commercial projects it undertakes. These credits are paid by HM Revenue & Customs to the Group following the year end.

#### *Intangible Assets – intellectual property rights and patent licence obligations*

The Group entered into two licence agreements, which give it the right to utilise the underlying intellectual property ("**IP Rights**" or "**IPR**") provided for in the licences in return for making a licence fee payment and also making royalty payments against the sale of products by the Group that relies on the aforementioned IPR.

The Group has valued its access to IPRs based on the present value of the contractual cash payments, using the WACC for the Group.

The Group has also recognised a corresponding patent licence obligation in the statement of financial position. The licence obligation is subject to an interest charge each year, based on the Group's WACC, which is initially recorded under finance expense in the statement of comprehensive income and the corresponding entry increases the patent licence obligations. The payments made by the Group under the licence are set against the outstanding patent licence obligation.

The value of the IP Rights is being amortised over the expected life of the contractual payments under the various licences.

- For the first licence, the value of the IP Rights is amortised over a seven year period on a straight-line basis.
- The second licence contains a mandatory ongoing minimum royalty payment ("**MRP**") that escalates each year for the first nine years of the licence and does not rely on product sales made by the Group and that utilise the underlying IPR. The Directors estimate that the remaining life of the intellectual property as at the date of entering into the licence is 16 years and have therefore used the schedule of mandatory cash payments over this 16 year period to calculate the present value of the IPR. Due to the escalating nature of the MRPs over the first nine years, the rate of amortisation during this period has been matched against the discounted value of the payments for the first nine years, following which the balance of the intangible asset is amortised on a straight-line basis over the remaining seven years.

#### Capitalisation of the interest and amortisation

The development work carried out by the Group is focused on delivering new products. As at 30 June 2020, the Group had not made product sales, and so it operated a capitalisation policy of the costs incurred in the development of these products. The development work relies on the IPR from these two licences and so where the intellectual property can be attributed to a particular product, the interest on the patent licence obligations under IAS 23 (Borrowing Costs) and the amortisation of the IP Rights recognised under IAS 38 (Intangible Assets) have been capitalised as an internally generated intangible asset called Development Battery Cells (see below).

The Directors estimate that 50 per cent. of the recognised costs of the first licence and 100 per cent. of the costs of the second licence are attributable to development work on products and therefore have been capitalised.

#### *Intangible Assets – Development Battery Cells*

Since 1 April 2018, the Group has adopted a policy whereby expenditure incurred by it in the development of its own product range of battery cells is capitalised as intangible assets if the Group can establish that the product programmes meet the relevant conditions. Such development expenditure is deferred to future periods where the following six conditions have been met:

- (a) there is a clearly defined project;
- (b) the related expenditure is separately identifiable;
- (c) the outcome of such a project has been assessed with reasonable certainty as to:
  - (i) its technical feasibility; and
  - (ii) its ultimate commercial viability considered in the light of factors such as likely market conditions (including competing products), public opinion, consumer and environmental legislation.
- (d) the aggregate of the deferred development costs, any further development costs, and related production, selling and administration costs is reasonably expected to be exceeded by related future sales or other revenues; and
- (e) adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

The Directors believe that the above conditions have been met for four of its product programmes and it has therefore capitalised the expenditure in the statement of financial position.

The amortisation of the intangible assets commences with the first commercial production and sales of the products and will be allocated on a systematic basis to each accounting period, by reference to either the sale or use of the product or the period over which these are expected to be sold or used.

The aggregate value of the deferred development expenditure for each product is reviewed at the end of each accounting period and where the circumstances which have justified the deferral of the expenditure set out above no longer apply, or are considered doubtful, the expenditure, to the extent to which it is considered to be irrecoverable, the deferred expenditure is impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged to write off the cost less expected residual value of the asset over its estimated useful life and is calculated on a straight-line basis as follows:

Plant and machinery	7 – 15 years
Fixtures, fittings & equipment	10 – 15 years
Computer equipment	3 – 5 years

The Group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount to the unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In accessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount

rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### *Associates and investments in other companies*

For associates and interest in entities in which the Group has significant influence but not control, the equity method of accounting is used. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying value, and then recognises the loss within other losses in the statements of comprehensive income.

#### *Inventories*

The Group currently only recognises raw materials within inventories and recognises them at the lower of cost and estimated selling price less costs to complete and sell.

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

#### *Financial instruments*

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets comprise trade and other receivables and cash and cash equivalents. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. All of the Group's cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Group's revenue streams are therefore initially measured at their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost. Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The assessment of trade receivables and accrued income is in accordance with IFRS 9. Due to their short-term nature, the carrying value of trade and receivables and accrued income are not measured at fair-value as they approximate their fair value.

Where an assessment of trade receivables and accrued income indicate that they do not approximate their fair-value, the Group recognises a loss allowance for expected credit losses ("**ECL**") on balances from customers, subsequently measured at amortised cost using the simplified approach permitted under IFRS 9.



Financial liabilities comprise trade payables, financing liabilities, licence obligations and other borrowings. These are measured at initial recognition at fair value and subsequently at amortised cost. Bank and other borrowings are stated at the amount of the net proceeds after deduction of transaction costs. Finance charges, including premiums payable on settlement and direct issue costs are accounted for on an accrual basis in the income statement.

The component parts of compound instruments issued by the Group classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### *Derivative financial instruments and hedge accounting*

##### Forward contracts

The Group takes out forward foreign exchange contracts which are initially measured at fair value at the contract date and are subsequently re-measured to fair value at each reporting date. Changes in fair value of the forward contract (hedging instrument) is recognised in the income statement.

#### *Leasing*

IFRS 16 Leases became mandatorily effective on 1 January 2019, and the Group has chosen to apply the full retrospective approach from the start of the financial year ended 31 March 2018.

##### Right of use assets

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

##### Lease liabilities

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

#### *Employee benefits*

The Group operates a defined contribution retirement benefit scheme for all employees. Payments to the defined contribution scheme are charged as an expense as they fall due.

Liabilities for wages and salaries, including non-monetary benefits and annual leave that expect to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current on the statement of financial position.

### *Share-based payments*

The Group also enters into arrangements that are equity-settled, share-based payments with certain employees (including directors) in the form of share options.

During the period covered by the historical financial information, the Group operated a HM Revenue and Customs approved share option scheme. This scheme is an Enterprise Management Investment scheme where equity options are made to certain qualifying employees to reward and incentivise them. The equity share based payments are measured at the fair value of the equity at the given date.

The scheme is open to all qualifying employees who are an employee within the Group, spend at least 75 per cent. of their time or 25 hours working for the Group and hold no more than 30 per cent. of shares in the Company. The options, have a ten-year exercise period from the date of grant and vest on the following terms:

- 25 per cent. of the options awarded become 'vested' one year after the date of grant,
- 2.08 per cent. of the options awarded become 'vested' for each subsequent month in employment, and
- the balance of the options awarded vest upon the completion of the 48 months following the date of grant.

Employees who leave the Group are entitled to exercise their vested options for a period of 40 days after they leave the employment of the Group if they are a good leaver, and for a period of 20 days after they leave the employment of the Group if they are not a good leaver.

### *Critical judgements in applying the Group's accounting policies*

The preparation of the consolidated historical financial information under IFRS requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

The judgements and estimates which have the most significant effect on the reported result for the period ended 30 June 2020 and upon the carrying value of assets and liabilities of the Group as at 30 June 2020 are described below.

### *Going concern*

The Directors are required to assess whether it is appropriate to prepare the historical financial information on a going concern basis. The Directors believe that following a successful fundraise as part of the admission, it is appropriate to assess the Group on a going concern basis.

### *Capitalisation of costs related to the development of the Group's own product base*

The Group has a number of product development programmes underway aimed at the advancement of its own product base. Time and costs are tracked through the Group's reporting and accounting systems. Management has established that four of these programmes met the threshold criteria such that the development work will result in future economic benefits to the Group and thus the associated costs, including the interest and amortisation from IPR licences agreements, can be capitalised into the intangible assets (Development Battery Cells). The Directors expect that in the future, more product development programmes will meet the criteria and therefore lead to future costs being capitalised.

The Group does not capitalise development costs related to commercial contracts that create new products for customers.

### *Recoverability of intangible assets (Battery Cells)*

During the year, the Directors considered the recoverability of the Group's intangible assets (Development Battery Cells), which are included in its balance sheet at £1.4m as at 31 March 2019 and £5.1m as at 30 June 2020 and the associated deferred income of £0.8m as at 31 March 2019 and £1.8m as at 30 June 2020. The product development programmes that have incurred the capitalised costs and accompanying deferred income are not yet resulting in product sales and so

have not been amortised or recognised. The Group expects to capitalise additional development costs incurred and to defer certain income received during the period aligned to this expenditure.

#### Amortisation of Intangible Assets (IPR)

The Group is benefiting from its access to the IPR secured through its licences and has established an amortisation schedule as calculated under IAS 38. The Directors have opted to amortise the value over the duration of the contractual payment schedules, being seven years and seventeen years for the Euro licences.

#### Incremental borrowing rates applied to calculate lease liabilities and patent licence obligations

The Group has used the incremental borrowing rate of 9.3 per cent. to calculate the value of the lease liabilities relating to its property obligations, provision for dilapidations and its equipment leasing programmes. This is the weighted average value of the equipment leases and other borrowing costs it has arranged to date. The Directors believe that the underlying assets have the potential to be funded by third parties and so it is appropriate to use the average rate that it has secured to date.

The Group has used its WACC of 14.5 per cent. to assess the value of its IPR and the corresponding licence obligations on the basis that the payments under these licences will be funded by the Group itself, and so it is appropriate to apply the cost to the Group of raising funds.

#### *Accounting standards and amendments that will become effective in future periods*

The nature and the impact of each new standard and amendment is described below:

#### *Replacement issues in the context of the IBOR reform – IFRS 7, IFRS 9, IFRS 16*

The IASB issued three amendments to three standards regarding pre-replacement issues in the context of IBOR (interbank offered rates) reform, which included an amendment IFRS 7 Financial Instruments Disclosure, IFRS 9 Financial Instruments and IFRS 16 Leases that will be effective from 1 January 2021. These amendments are not expected to have an impact on the Group.

### **3. Segmental analysis**

Operating segments are determined by the chief operating decision maker based on information used to allocate the Group's resources. The information as presented to internal management is consistent with the statement of comprehensive income. It has been determined that there is one operating segment, the development of battery cells. In the periods covered in the historical financial information, the Group operated mainly in the United Kingdom. All non-current assets are located in the United Kingdom.

### **4. Revenue**

(a) The Group derives the following types of revenue:

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
Commercial Contracts	301,806	599,341	802,520
Grant Income	980,027	248,269	462,335
	<u>1,281,833</u>	<u>847,610</u>	<u>1,264,855</u>

The Group's income was derived from the following geographic regions:

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
United Kingdom	1,259,871	809,110	968,141
Overseas	21,962	38,500	296,714
	<u>1,281,833</u>	<u>847,610</u>	<u>1,264,855</u>

Revenue resulting from commercial contracts of £99,523, £145,250 and £256,313 in the year ended 31 March 2018, year ended 31 March 2019 and period ended 30 June 2020 respectively was derived from a single customer.

- (b) For the year ended 31 March 2019 the Group recognised accrued income totalling £197,500. No accrued income relating to contracts with customers was recognised in the periods ended 31 March 2018 and 30 June 2020.
- (c) The Group deferred income of £764,241 as at 31 March 2019 and £999,059 as at 30 June 2020 against product development costs that were capitalised (see note 20).

## 5. Other income

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
Government grants	2,672	16,333	22,590
R&D Expenditure Credit	40,119	34,289	177,170
	<u>42,791</u>	<u>50,622</u>	<u>199,760</u>

The Group received development government grants against capital investments of £163,542, £24,454 and £11,954 in the year ended 31 March 2018, year ended 31 March 2019 and period ended 30 June 2020 respectively, which have been recorded as deferred income (see note 20). The income has subsequently been recognised in the income statement *pro rata* to the depreciation applied to the assets against which the grants were received. There are no unfulfilled conditions or other contingencies attached to these grants.

The Group claimed R&D Expenditure Credit in the year, which is considered taxable income. An associated tax charge is levied against this income and recorded in the taxation line.

## 6. Operating loss

Operating loss has been stated after:

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
Costs of inventory recognised as expenses	(397,869)	(264,193)	(167,372)
Research & development expense	(1,447,397)	(2,032,696)	(3,716,326)
Share-based payment expense	(10,889)	(49,704)	(65,606)
Depreciation of right-of-use assets	(140,345)	(150,875)	(237,613)
Amortisation of intangible fixed assets	–	(109,999)	(164,998)
Depreciation of property, plant and equipment	(43,203)	(97,118)	(169,823)
Foreign exchange difference	(783)	(2,423)	(371)

## 7. Employee benefit expenses (including directors)

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
Wages & salaries, including directors' salaries and fees	944,252	1,163,142	2,236,225
Social security costs	95,385	107,307	230,101
Employer's pension contributions	6,207	19,957	53,629
Share based employee payments	10,889	49,704	65,606
<b>Total</b>	<b>1,056,733</b>	<b>1,340,110</b>	<b>2,585,561</b>
Less staff costs capitalised as part of development expenditure	–	(508,791)	(666,390)
<b>Total employment related costs</b>	<b>1,056,733</b>	<b>831,319</b>	<b>1,919,171</b>

## 8. Finance income and expense

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
<b>Finance income</b>			
Interest received on bank deposits	–	201	4,573
Change in fair value of sub-lease receivables	15,781	9,530	2,697
Net change in fair value of loans	–	2,809	9,471
	<b>15,781</b>	<b>12,540</b>	<b>16,741</b>
<b>Finance expense</b>			
Interest expense on financial liabilities measured at amortised cost	(64,093)	(2,500)	(3,462)
Change in fair value of dilapidation provision	(14,245)	(15,569)	(17,437)
Loss on foreign currency transactions	(783)	(2,423)	(557)
Interest expense on licence obligations	–	(93,479)	(155,837)
Interest expense on lease liabilities	(33,140)	(25,009)	(64,818)
	<b>(112,261)</b>	<b>(138,980)</b>	<b>(242,111)</b>

## 9. Taxation

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
UK tax credit for the current period	91,378	108,325	222,271
Deferred tax	–	–	–
<b>Tax credit for the period</b>	<u>91,378</u>	<u>108,325</u>	<u>222,271</u>

The Group was not liable for corporation tax during the past three periods due to taxable losses being sustained in each of the three periods reported. A reconciliation of the tax charge to the elements of loss before tax for the consolidated income statement elements is as follows:

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
(Loss) before income tax	(1,136,505)	(1,129,172)	(2,104,057)
Tax at UK rate of 19%	215,936	214,542	399,771
Reconciling tax charges for:			
– non-deductible expenses	265	696	4,841
– R&D tax credit	99,217	114,842	255,924
– tax charge on RDEC	(7,839)	(6,517)	(33,653)
– deferred tax asset not recognised	(216,201)	(215,238)	(404,612)
<b>Tax credit for the year</b>	<u>91,378</u>	<u>108,325</u>	<u>222,271</u>
<i>Effective tax rate for the year</i>	<u>–</u>	<u>–</u>	<u>–</u>

The Group has not recognised the deferred tax assets as the business is developing its products. When there is clear visibility of profits, the Group will recognise the deferred tax assets. Losses carried forward were £1,889,732, £2,767,863 and £7,141,896 for the years ending 31 March 2018, 31 March 2019 and the period ended 30 June 2020, respectively.

## 10. Loss per share

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

	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2019 £</i>	<i>15 months ended 30 June 2020 £</i>
Basic loss per share (£)	(£23.18)	(£19.95)	(£32.57)
Diluted loss per share (£)	(£23.18)	(£19.95)	(£32.57)
Loss attributable to equity shareholders	(1,045,127)	(1,020,847)	(1,881,786)
Weighted average number of shares in issue	45,087	51,159	57,777

The basic and diluted loss per share set out above is based on the number of shares in place as at each year and as set out in note 22.

### **Diluted earnings per share**

As set out in note 23, there are share options and warrants outstanding as at the end of each period which, if exercised, would increase the number of shares in issue. However, the diluted loss per share is the same as the basic loss per share, as the loss for the year has an antidilutive effect.

## 11. Intangible fixed assets

	<i>Development Battery Cells</i>	<i>IP Rights</i>	<i>Total</i>
	£	£	£
<b>Cost at 1 April 2018</b>	–	–	–
Additions	–	1,847,964	1,847,964
Internally generated additions			
– development costs	1,232,810	–	1,232,810
– interest & amortisation of IP Rights	203,477	–	203,477
<b>At 31 March 2019</b>	1,436,287	1,847,964	3,284,251
Additions		11,822,308	11,822,308
Internally generated additions			
– development costs	1,480,257	–	1,480,257
– interest & amortisation of IP Rights	2,142,262	–	2,142,262
<b>At 30 June 2020</b>	5,058,806	13,670,272	18,729,078
<b>Accumulated amortisation 1 April 2018</b>	–	–	–
Charge for the year	–	(219,996)	(219,996)
<b>At 31 March 2019</b>	–	(219,996)	(219,996)
Charge for the period	–	(447,943)	(447,943)
<b>At 30 June 2020</b>	–	(667,939)	(667,939)
<b>Net book value at 31 March 2019</b>	1,436,287	1,627,968	3,064,255
<b>Net book value at 30 June 2020</b>	5,058,806	13,002,333	18,061,139

The Group capitalised the development costs relating to the products it is developing, in line with IAS 38, however it has not yet amortised the costs. The Group also capitalises the value of the IP Rights it holds through licences. The amortisation of the IP Rights and the interest arising from the licence obligations has been capitalised as intangible assets (Development Battery Cells) whilst the battery cells are being developed.

The Group also secured certain grant income to cover a portion of the development costs, and this grant income has been recognised as deferred income (see note 20). As of the end of this period, no amortisation of the Intangible Assets (Development Battery Cells) has taken place.

## 12. Property, plant and equipment

	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
<b>Cost At 1 April 2017</b>	7,417,493	7,200	7,424,693
Additions	768,738	6,889	775,627
<b>At 31 March 2018</b>	8,186,231	14,089	8,200,320
Additions	239,195	6,774	245,969
<b>At 31 March 2019</b>	8,425,426	20,863	8,446,289
Additions	104,438	15,531	119,969
<b>At 30 June 2020</b>	8,529,864	36,394	8,566,258
<b>Accumulated depreciation at 1 April 2017</b>	(7,089,884)	(1,052)	(7,090,936)
Charge for the year	(42,395)	(807)	(43,202)
<b>At 31 March 2018</b>	(7,132,279)	(1,859)	(7,134,138)
Charge for the year	(95,726)	(1,392)	(97,118)
<b>At 31 March 2019</b>	(7,228,005)	(3,251)	(7,231,256)
Charge for the period	(167,205)	(2,618)	(169,823)

	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
<b>At 30 June 2020</b>	(7,395,210)	(5,869)	(7,401,079)
<b>Net book value at 31 March 2018</b>	<u>1,053,952</u>	<u>12,230</u>	<u>1,066,182</u>
<b>Net book value at 31 March 2019</b>	<u>1,197,421</u>	<u>17,612</u>	<u>1,215,033</u>
<b>Net book value at 30 June 2020</b>	<u>1,134,654</u>	<u>30,525</u>	<u>1,165,179</u>

### 13. Right-of-use assets

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

- Leased equipment has terms of between 3 and 5 years,
- Property leases have terms of under 3 years in the case of office space near Oxford and for 10 years for the manufacturing facility in Thurso,
- The sub-lease has a duration of under 3 years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for property leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead account for these as a single lease component.

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Dilapidations expected at the end of a lease for property have also been treated in the same way, with a right-of-use asset for the dilapidation offset against the fair value of the liability. Changes in the fair value are calculated each year and applied to the income statement and the dilapidation asset is depreciated in line with the length of the lease to which it applies. The net value of the right of use asset for the dilapidations, after taking into account depreciation, is included within the right of use asset value for the property lease while the fair value of the liability arising out of the expected dilapidations is reported as a non-current liability.

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

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



	<i>Buildings</i> £	<i>Dilapidations</i> £	<i>Sub-lease</i> £	<i>Equipment</i> £	<i>Total</i> £
<b>Cost at 1 April 2017</b>	481,508	153,169	(200,241)	–	434,436
Additions	–	–	–	–	–
<b>At 31 March 2018</b>	481,508	153,169	(200,241)	–	434,436
Additions	–	–	–	105,251	105,251
<b>At 31 March 2019</b>	481,508	153,169	(200,241)	105,251	539,687
Additions	1,022,290	7,889	–	114,390	1,144,569
End of lease	(481,508)	–	200,241	–	(281,267)
<b>At 30 June 2020</b>	1,022,290	161,058	–	219,641	1,402,989
<b>Accumulated depreciation</b>					
<b>1 April 2017</b>	(13,375)	–	4,402	–	(8,973)
Charge for the year	(160,503)	(51,056)	71,214	–	(140,345)
<b>At 31 March 2018</b>	(173,878)	(51,056)	75,616	–	(149,318)
Charge for the year	(160,503)	(51,056)	71,214	(10,530)	(150,875)
<b>At 31 March 2019</b>	(334,381)	(102,112)	146,830	(10,530)	(300,193)
Charge for the period	(205,749)	(52,782)	53,411	(32,492)	(237,613)
End of lease	481,508	–	(200,241)	–	(281,267)
<b>At 30 June 2020</b>	(58,622)	(154,895)	–	(43,022)	(256,539)
<b>Net book value at 31 March 2018</b>	307,630	102,113	(124,625)	–	285,118
<b>Net book value at 31 March 2019</b>	147,127	51,057	(53,411)	94,721	239,494
<b>Net book value at 30 June 2020</b>	963,668	6,163	–	176,619	1,146,450

#### 14. Inventories

	<i>As at 31</i> <i>March 2018</i> £	<i>As at 31</i> <i>March 2019</i> £	<i>As at 30</i> <i>June 2020</i> £
Raw materials and work-in-progress	17,827	22,916	219,133
	<u>17,827</u>	<u>22,916</u>	<u>219,133</u>

#### 15. Financial assets

##### (a) *Cash and cash equivalents*

	<i>As at 31</i> <i>March 2018</i> £	<i>As at 31</i> <i>March 2019</i> £	<i>As at 30</i> <i>June 2020</i> £
Cash and cash equivalents	1,141,228	381,856	949,569
	<u>1,141,228</u>	<u>381,856</u>	<u>949,569</u>

(b) **Trade and other receivables**

	<i>As at 31 March 2018</i>	<i>As at 31 March 2019</i>	<i>As at 30 June 2020</i>
	£	£	£
Trade receivables from contracts with customers	289,103	560,828	515,716
Other receivables	79,965	48,658	59,037
Tax receivables	62,963	99,136	96,543
RDEC income receivable	37,037	30,864	123,457
Prepayments	207,690	62,117	190,910
	<u>676,758</u>	<u>801,603</u>	<u>985,663</u>

**16. Financial liabilities**

**Trade and other payables**

	<i>As at 31 March 2018</i>	<i>As at 31 March 2019</i>	<i>As at 30 June 2020</i>
	£	£	£
Trade creditors	83,196	141,512	228,729
Other tax and social security	27,865	39,123	208,773
Other creditors	4,278	22,617	18,499
Derivative liability	–	–	186
Accruals	50,362	70,401	153,855
	<u>165,701</u>	<u>273,653</u>	<u>610,042</u>

The carrying values of all financial liabilities above approximate their fair values due to the short-term maturity of these instruments.

**17. Borrowings**

	<i>As at 31 March 2018</i>	<i>As at 31 March 2019</i>	<i>As at 30 June 2020</i>
	£	£	£
Convertible loan	291,950	–	–
Other loans	–	40,160	115,566
	<u>291,950</u>	<u>40,160</u>	<u>115,566</u>

During the year ended 31 March 2018, the Group secured £500,000 of investment by way of a convertible loan note. This was partially repaid during the following 18 months, with the balance converted in two tranches during 2018 and 2019.

During the year ended 31 March 2019, the Group secured loans for £50,000 on favourable terms (3 per cent.) that were below market rates. In the period ended 30 June 2020, the Group secured further loans (£100,000) at below market rates (2.5 per cent. – 3 per cent.).

The balance outstanding on the loans is stated below:

	<i>As at 31</i> <i>March 2018</i>	<i>As at 31</i> <i>March 2019</i>	<i>As at 30</i> <i>June 2020</i>
	£	£	£
Current – due in less than one year	291,950	9,624	20,350
Non-current – due after more than one year	–	30,536	95,216
	<u>291,950</u>	<u>40,160</u>	<u>115,566</u>

## 18. Patent licence obligations

The Group's licence obligations cover licences entered into by the Group for the rights to use certain intellectual property for its development work. in the development of its products.

The Group's licence obligations are stated below:

	<i>As at 31</i> <i>March 2018</i>	<i>As at 31</i> <i>March 2019</i>	<i>As at 30</i> <i>June 2020</i>
	£	£	£
Patent licence obligations	–	1,834,923	15,096,056
	<u>–</u>	<u>1,834,923</u>	<u>15,096,056</u>

The balance outstanding on the patent licence obligations are stated below:

	<i>As at 31</i> <i>March 2018</i>	<i>As at 31</i> <i>March 2019</i>	<i>As at 30</i> <i>June 2020</i>
	£	£	£
Current – due in less than one year	–	49,789	500,401
Non-current – due after more than one year	–	1,785,134	14,595,655
	<u>–</u>	<u>1,834,923</u>	<u>15,096,056</u>

The licence obligations include the net present value of the following payments:

- Fees payable by the Group as part of entering into the licences; and
- Minimum royalty payments that are contractual and do not require product sales. This only applies to the second licence.

The payments are discounted using the weighted average cost of capital of the Group.

The Group is exposed to potential future increases in royalty payments based on the value of the product sales it makes that use the IP Rights that are the subject of the licences. The value of the IP Rights, as an intangible asset, is being amortised as detailed in note 11. Royalty payments that are above the minimum royalty payments will be recognised in the period in which the product income is recognised.

Licence obligation payments are allocated between principal and finance cost. The finance cost is initially charged to the statement of comprehensive income over the licence period so as to produce a constant periodic rate of interest on the remaining balance of the licence obligation for each period. See note 11.

The following table presents the interest and principal payments on the licence obligations for the periods ended 31 March 2019 and 30 June 2020.

	Year ended 31 March 2018	Year ended 31 March 2019	15 months ended 30 June 2020
	£	£	£
Interest expense	–	186,959	463,003
Principal payments	–	13,041	113,325

## 19. Lease liabilities

The Group's leases are for offices and manufacturing space as well as for the purchase of capital equipment used in the day-to-day operating activities of the business. These leases contain no renewal option. The previous lease on the manufacturing space ended in March 2020 and the Group has renegotiated a new, ten-year lease for the facility.

The Group sub-leases a portion of its manufacturing space to a third party. It has renegotiated the sub-lease for a period of three years. As a result, because the new sub-lease is not over a comparable period of time as the Group's new lease for the facility, the Directors do not believe that the sub-lease should be treated as an investment.

The Group's present lease (and sub-lease) obligations are stated below:

	As at 31 March 2018	As at 31 March 2019	As at 30 June 2020
	£	£	£
Lease liabilities – property	290,628	130,111	948,597
Lease liabilities – equipment	–	83,558	159,023
	<u>290,628</u>	<u>213,669</u>	<u>1,107,620</u>

The balance outstanding on the Group's leasing liabilities are stated below:

	As at 31 March 2018	As at 31 March 2019	As at 30 June 2020
	£	£	£
Current – due in less than one year	160,517	149,118	106,316
Non-current – due after more than one year	130,111	64,551	1,001,304
	<u>290,628</u>	<u>213,669</u>	<u>1,107,620</u>

The value of the property leases is depreciated over the contractual life of the lease on a straight line basis. The value of the equipment leases is depreciated over the shorter of the life of the lease or under the depreciation rates detailed in note 2 on a straight line basis, and the cost is recorded in the statement of comprehensive income.

In previous periods, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases, which applied mainly to office equipment. The assets were not of significant value and were presented within property, plant and equipment. The property leases were classified as operating leases prior to the move to reporting under IFRS.

Liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is

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

To determine the incremental borrowing rate, the Group:

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect, as well as to rate reviews. When adjustments to lease payments based on an index or rate take effect, the lease liability will be reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The following table presents the interest and principal payments on lease liabilities for the periods ended 31 March 2018, 31 March 2019 and 30 June 2020:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2019</i>	<i>15 months ended 30 June 2020</i>
	£	£	£
Interest expense	33,140	25,009	64,818
Principal payments	146,860	182,210	242,729

## 20. Deferred income

The Group capitalised the development costs relating to the products it is developing (see note 11). The Group also received grant income to cover a portion of the development costs, and this grant income has been recognised as deferred income as and until the associated intangible assets are amortised. As of the end of this period, no amortisation of the intangible fixed assets has taken place and no deferred income has been recognised.

The Group also received development government grants against capital investments of £163,542, £24,454 and £14,454 in the year ended 31 March 2018, year ended 31 March 2019 and period ended 30 June 2020 respectively, which have been recorded as deferred income. This income has subsequently been recognised in the income statement on a *pro rata* basis to the depreciation rate of the assets against which the grants were received (see note 5).

The Group recognises grants secured against capital expenditure as other income as this is secured against capital expenditure programmes. Grant income generated from grant funded development programmes is treated as income as it is set against operating expenses incurred during development programmes.

The following table presents deferred income for the Group:

	<i>As at 31 March 2018</i>	<i>As at 31 March 2019</i>	<i>As at 30 June 2020</i>
	£	£	£
<b>Balance at start of period</b>	–	160,870	935,732
Additions	163,542	788,695	1,011,013
Income recognised in year	(2,672)	(13,833)	(20,090)
<b>Balance at end of period</b>	<u>160,870</u>	<u>935,732</u>	<u>1,926,655</u>

The balance outstanding on the Group's deferred income is stated below:

	<i>As at 31 March 2018</i>	<i>As at 31 March 2019</i>	<i>As at 30 June 2020</i>
	£	£	£
Current – due in less than one year	13,833	20,090	28,564
Non-current – due after more than one year	147,037	915,642	1,898,091
<b>Balance at end of period</b>	<u>160,870</u>	<u>935,732</u>	<u>1,926,655</u>

## 21. Provisions

	<i>Provisions for property dilapidations</i>
	£
<b>At 1 April 2017</b>	153,168
Increase in provision due to discount unwind	14,245
<b>At 31 March 2018</b>	167,413
Increase in provision due to discount unwind	15,570
<b>At 31 March 2019</b>	182,983
Additions	7,889
Increase in provision due to discount unwind	17,437
<b>At 30 June 2020</b>	<u>208,309</u>

## 22. Equity

### **Share capital and share premium**

Movements in share capital and share premium during the reporting period are set out below:

	<i>Ordinary shares</i>	<i>Par value</i>	<i>Share premium</i>	<i>Total</i>
	£	£	£	£
<b>At 1 April 2017</b>	41,508	207	1,896,037	1,896,244
Issue of shares	8,797	44	2,164,959	2,165,003
Stock option exercise	–	–	–	–
<b>At 31 March 2018</b>	50,305	251	4,060,996	4,061,247
Issuances	3,194	16	1,031,143	1,031,159
Stock option exercise	–	–	–	–
<b>At 31 March 2019</b>	53,499	267	5,092,139	5,092,406
Issuances	10,710	54	2,975,423	2,975,477
Stock option exercise	–	–	–	–
<b>At 30 June 2020</b>	<u>64,209</u>	<u>321</u>	<u>8,067,562</u>	<u>8,067,883</u>

## Ordinary shares

Holders of the £0.005 ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share. For the foreseeable future however the Group's dividend policy is to reinvest funds it generates. All issued shares have been fully paid.

### Issuance of ordinary shares

During the year ended 31 March 2018, 8,797 ordinary shares were issued at an average price of £250.63. This was at a total premium of £2,204,809 above nominal value, before fundraising costs of £39,850 were applied. The fundraising costs have been netted off against the share premium. As at 31 March 2018, £251 of ordinary shares had been issued.

During the year ended 31 March 2019, 3,194 ordinary shares were issued at an average price of £302.85. This was at a total premium of £967,300 above nominal value. In addition, the interest payable on the convertible loan of £63,843 was transferred to the premium account. There were no fundraising costs incurred during this year. As at 31 March 2019, £267 of ordinary shares had been issued.

During the period ended 30 June 2020, 10,710 ordinary shares were issued at an average price of £293.75. This was at a total premium of £3,146,009 above nominal value, before fundraising costs of £170,586 were applied. The fundraising costs have been netted off against the share premium. As at 30 June 2020, £321 of ordinary shares had been issued.

## 23. Share-based payments

### Common share options

Options have been granted to employees to purchase common shares. The exercise price of the options is determined by the Directors. These options generally vest over a period of up to four years from the grant date. Vesting is solely dependent on remaining employed in the business. The options granted typically expire on the tenth anniversary of the grant date. The maximum number of shares that may be issued pursuant to the exercise of options under the stock options plan is limited to any one individual receiving shares of no more than £250,000 in aggregate.

Details of the common option plan are as follows:

	<i>For the year ended 31 March 2018</i>		<i>For the year ended 31 March 2019</i>		<i>For the period ended 30 June 2020</i>	
	<i>Number</i>	<i>Weighted average exercise price</i>	<i>Number</i>	<i>Weighted average exercise price</i>	<i>Number</i>	<i>Weighted average exercise price</i>
	<i>#</i>	<i>£</i>	<i>#</i>	<i>£</i>	<i>#</i>	<i>£</i>
<b>Outstanding at beginning of period</b>	–	–	237	253.44	237	253.44
Granted	237	253.44	–	–	–	–
Forfeited	–	–	–	–	–	–
<b>Outstanding at end of period</b>	237	253.44	237	253.44	237	253.44
No. of warrants vested at end of period	237	–	237	–	237	–
Weighted average remaining contractual life of weighted (years)	9.7		8.7		7.5	

### Warrants

Warrants have been granted to a third party as part of a fundraising round, with the exercise price set at the price of the round. The warrants were all vested as at the date of grant.

Details of the warrants are as follows:

	<i>For the year ended 31 March 2018</i>		<i>For the year ended 31 March 2019</i>		<i>For the period ended 30 June 2020</i>	
	<i>Number #</i>	<i>Weighted average exercise price £</i>	<i>Number #</i>	<i>Weighted average exercise price £</i>	<i>Number #</i>	<i>Weighted average exercise price £</i>
<b>Outstanding at beginning of period</b>	–	–	237	253.44	237	253.44
Granted	237	253.44	–	–	–	–
Forfeited	–	–	–	–	–	–
<b>Outstanding at end of period</b>	237	253.44	237	253.44	237	253.44
No. of warrants vested at end of period	237	–	237	–	237	–
Weighted average remaining contractual life of weighted (years)	9.7		8.7		7.5	

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

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2019</i>	<i>15 months ended 30 June 2020</i>
Exercise price at grant date	£253.44	£253.44	£293.75
Expected life (in years)	4	4	4
Risk-free interest rate	1.34%	1.63%	0.25%
Expected volatility	92.71%	92.71%	92.71%

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

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

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2019</i>	<i>15 months ended 30 June 2020</i>
Exercise price at grant date	£253.44	–	–
Expected life (in years)	0	–	–
Risk-free interest rate	1.34%	–	–
Expected volatility	92.71%	–	–

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



## Share based-payments

	Year ended 31 March 2018 £	Year ended 31 March 2019 £	15 months ended 30 June 2020 £
Cost of options vesting in the period	10,889	49,704	65,606
Cost of warrants vesting in the period	0	–	–
	<u>10,889</u>	<u>49,704</u>	<u>65,606</u>

As at 30 June 2020, no options or warrants had been exercised.

## 24. Financial instruments

### Classification

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

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

Details of significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition and expense) for each class of financial liability and equity instrument are disclosed in note 2.

### Risk management objectives

#### Interest rate risks

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

#### Foreign currency risks

The Group has limited exposure to transactional foreign currency risk from trading transactions. The Group considers the need to mitigate this exposure as and when appropriate and will enter into forward foreign exchange contracts to mitigate any significant risks. The Group also seeks to issue invoices to customers based in Europe or USA in the respective currencies to provide a natural hedge against a small portion of the Group's overall costs.

At present, the Group has taken out a forward contract on its US Dollar exposure of US\$ 150,000 using currency forward rate contract. It is utilising this facility for US Dollar priced payments.

#### Liquidity risk

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

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

The following tables show the contractual maturities of financial liabilities:

## LIQUIDITY RISK

		<i>Less than</i>	<i>Between</i>	<i>Over 5</i>
<i>As at 30 June 2020</i>	<i>Total</i>	<i>1 year</i>	<i>1 and 5</i>	<i>years</i>
	£	£	£	£
Trade and other payables	456,001	456,001	–	–
Accrued liabilities	153,855	153,855	–	–
Borrowings	115,566	20,350	95,216	–
Lease liabilities	1,107,620	106,316	465,556	535,748
IP Rights licence obligations	15,096,056	500,401	4,652,808	9,942,847
Contract liabilities	208,309	–	–	208,309
	<u>17,137,407</u>	<u>1,236,923</u>	<u>5,213,580</u>	<u>10,686,904</u>
<i>As at 31 March 2019</i>	<i>Total</i>	<i>1 year</i>	<i>Between</i>	<i>Over 5</i>
	£	£	£	£
Trade and other payables	203,252	203,252	–	–
Accrued liabilities	70,401	70,401	–	–
Borrowings	40,160	9,624	30,536	–
Lease liabilities	213,669	149,118	64,551	–
IP Rights licence obligations	1,834,923	49,789	1,326,416	458,718
Contract liabilities	–	–	–	–
	<u>2,362,405</u>	<u>482,184</u>	<u>1,421,503</u>	<u>458,718</u>
<i>As at 31 March 2018</i>	<i>Total</i>	<i>1 year</i>	<i>Between</i>	<i>Over 5</i>
	£	£	£	£
Trade and other payables	115,339	115,339	–	–
Accrued liabilities	50,362	50,362	–	–
Borrowings	291,950	291,950	–	–
Lease liabilities	290,628	160,517	130,111	–
Contract liabilities	–	–	–	–
	<u>748,279</u>	<u>618,168</u>	<u>130,111</u>	<u>–</u>

### Market Risk

Due to the development nature of the contracts and product programmes that the Group enters into, currently it is not materially exposed to a market directly. However, its products are focused on meeting certain current or expected requirements of individual markets, and these requirements could evolve before the Group is able to complete its product development programme(s).

The Group periodically reviews the markets, and demands expected of products, to minimise the risk to its business. It is also reviewing new markets to identify future demand outside of the initial intended markets.

Once the Group has released products, then it will carry out an assessment of the market risk it is exposed to and will carry out sensitivity analysis on the impact that each risk will have on the product(s)' performance and the wider impact on the Group's income statement and its financial position.

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

On an ongoing basis, trade receivable balances attributable to each customer are monitored and appropriate action is taken to follow up on those balances when they are considered overdue. In a limited number of customer contracts, an initial payment is secured which helps to mitigate the overall credit risk of a project.

Although the Group has its own terms and conditions with a 30-day payment expectation, under some contracts it accepts longer terms with suitable customers. Should a trade debtor exceed the payment terms, then the Group engages to ensure swift payment. Due to the development nature of the contract, any payments that continue to be delayed may result on discussions over the delivery of the rest of the project. Should there be no engagement from the customer for a period of time then a provision is made for the amount outstanding.

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

The maximum exposure to credit risk is as follows:

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2019</i> £	<i>As at</i> <i>30 June</i> <i>2020</i> £
Cash on deposit	1,141,228	381,856	949,569
Trade receivables	19,070	131,329	210,278
Loss allowance	–	–	–
Other receivables	449,998	608,157	584,475
	<u>1,610,296</u>	<u>1,121,342</u>	<u>1,744,322</u>

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

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2019</i> £	<i>As at</i> <i>30 June</i> <i>2020</i> £
Current	19,070	131,329	130,941
More than 30 days past due	–	–	12,456
More than 60 days past due	–	–	66,862
More than 120 days past due	–	–	–
	<u>19,070</u>	<u>131,329</u>	<u>210,259</u>

During the periods covered in the historical financial information, the Group did not make provisions for expected credit losses.

All issued shares are fully paid. The Group considers its capital and reserves attributable to equity shareholders to be the Group's capital. In managing its capital, the Group's primary long-term objective is to provide a return for its shareholders through capital growth. Going forward the Group will seek to maintain a gearing ratio that balances risks and returns at an acceptable level and to maintain a sufficient funding base to enable the Group to meet its working capital needs. The Group's commercial activities are at an early stage and management considers that no useful target debt to equity gearing ratio can be identified at this time.

## 25. Obligations under finance leases

The Group adopted IFRS 16 “Leases” with effect from 31 March 2019. The reporting standard became effective from 1 January 2019. All leases that existed at 31 March 2017 have been accounted for under IFRS16 “Leases”. The Group has adopted the retrospective approach when determining the start date for valuing the leases.

The Group’s tangible assets do not include leased items held under the terms of financial leasing agreements. These are contained under the right-of-use information.

## 26. Sub-lease investment

The Group had no outstanding receivables due from future sub-lease payments under non-cancellable operating leases for the years ended 31 March 2019 and 2018. The cash flow due under the sub-lease has been recorded at fair value.

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2019 £	<i>As at</i> 30 June 2020 £
<i>Receivables under sub-lease</i>			
Within one year	73,470	59,553	–
After one year	59,553	–	–
<b>At period end</b>	<u>133,023</u>	<u>59,553</u>	<u>–</u>

Operating sub-lease payments represent rentals due to be paid to the Group by its tenant for certain of its facility and office space in Scotland. The previous sub-lease matched the duration of the primary lease held by the Group and so the sub-lease was treated as a finance lease until March 2020 when it ended. A new sub-lease, with duration materially different (shorter) to the new lease, is in place and this sub-lease is being treated as an operating lease.

## 27. Associates and Subsidiaries

### Significant subsidiaries

The following entities are included in the consolidated financial information of AMTE Power plc:

<i>Investment</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ownership</i>		
			2020	2019	2018
AGM Batteries Limited	England and Wales	Development of emerging battery cell technologies	100%	100%	100%
AMTE Technology Limited	England and Wales	Dormant sciences and engineering	100%	100%	100%
MEP Technologies Ltd	Scotland	Development of battery packs and modules	19.5%	–	–

On 30 June 2020, the Group invested in 19.5 per cent. of the share capital of MEP Technologies Ltd (“MEPTec”), a company incorporated in Scotland whose principal activities are the development of battery packs and modules. The Group invested at par value in the shares of MEPTec and recognised the investment at the historic cost. In MEPTec’s accounts for the year ended 31 October 2019, the company reported a negative value for its balance sheet and the Group understands that the position as of 30 June 2020 has not moved materially from this position. As a result, due to the current financial status reported in the accounts of MEPTec, the Group (a) does not believe that the investment should be valued at anything other than historic cost, and (b) believes that it is not possible to accurately calculate a representative value for MEPTec and the holding in it.

The Group has an arms-length working relationship with MEPTec through who it commissions work to assist the Group when knowledge and expertise on battery packs and modules is required. The Group also has the right to one director on the board of MEPTec which it has taken up.

## 28. Related parties

### Key management compensation

The Group defines key management personnel as being the board of directors and the Group's senior management team. The remuneration of key management personnel during the year were as follows:

	<i>Year ended</i> <i>31 March</i> <i>2018</i> £	<i>Year ended</i> <i>31 March</i> <i>2019</i> £	<i>15 months</i> <i>ended</i> <i>30 June</i> <i>2020</i> £
Salary and short-term employee benefits	340,272	443,725	780,558
Share-based payments	4,446	8,691	18,291
	<u>344,718</u>	<u>452,416</u>	<u>798,849</u>

Compensation of the Group's key management personnel includes salaries and share-based payments.

## 29. Transactions with related parties

There were no transactions with related parties for the period. Transactions with MEP Technologies Limited were at market prices as part of the ordinary course of business of the two groups.

## 30. Adjustments to profit for cash flow

	<i>Year ended</i> <i>31 March</i> <i>2018</i> £	<i>Year ended</i> <i>31 March</i> <i>2019</i> £	<i>15 months</i> <i>ended</i> <i>30 June</i> <i>2020</i> £
Adjustments			
Taxation	(91,378)	(108,325)	(222,271)
Interest income	(15,781)	(12,540)	(16,741)
Interest expense	112,261	138,980	242,111
Share based payments	10,889	49,704	65,606
Depreciation of Right-of-use assets	140,345	150,875	237,613
Depreciation of tangible assets	43,201	97,118	169,823
Amortisation of intangible assets	–	109,998	164,998
	<u>199,537</u>	<u>425,810</u>	<u>641,139</u>

### Movements in the licence obligations are as follows:

	<i>Year ended</i> <i>31 March</i> <i>2018</i> £	<i>Year ended</i> <i>31 March</i> <i>2019</i> £	<i>15 months</i> <i>ended</i> <i>30 June</i> <i>2020</i> £
<b>Outstanding beginning of period</b>	–	–	(1,834,923)
Additions	–	(1,847,964)	(11,822,308)
Interest charged	–	(186,959)	(2,015,153)
Payments made	–	200,000	576,328
<b>Outstanding at end of period</b>	<u>–</u>	<u>(1,834,923)</u>	<u>(15,096,056)</u>

### Movements in borrowings are as follows:

	<i>Year ended</i> <i>31 March</i> <i>2018</i> £	<i>Year ended</i> <i>31 March</i> <i>2019</i> £	<i>15 months</i> <i>ended</i> <i>30 June</i> <i>2020</i> £
<b>Outstanding beginning of period</b>	–	(291,950)	(40,160)
Additions	(500,000)	(50,000)	(100,000)
Interest charged	(64,093)	(2,500)	(3,462)
Conversion to shares	200,143	255,951	–
Movement in fair value	–	2,809	9,471
Payments made	72,000	45,530	18,585
<b>Outstanding at end of period</b>	<u>(291,950)</u>	<u>(40,160)</u>	<u>(115,566)</u>

### Cash movements in lease liabilities are as follows:

	<i>Year ended</i> <i>31 March</i> <i>2018</i> £	<i>Year ended</i> <i>31 March</i> <i>2019</i> £	<i>15 months</i> <i>ended</i> <i>30 June</i> <i>2020</i> £
<b>Outstanding beginning of period</b>	(437,488)	(290,628)	(213,669)
Inception	–	(105,251)	(1,136,680)
Interest charged	(33,140)	(25,009)	(64,818)
Payments made	180,000	207,219	307,547
<b>Outstanding at end of period</b>	<u>(290,628)</u>	<u>(213,669)</u>	<u>(1,107,620)</u>

### 31. Events after the reporting period

The following events have taken place after 30 June 2020.

#### **Issue of ordinary shares**

Following the reporting period, the Company issued a further 2,928 shares at a price of £293.75, and an employee, upon leaving, exercised their option over 137 shares at a price of £253.44. The combination of the share issues raised £894,821.28 before funding costs were applied.

On 20 January 2021, a further 715 Ordinary shares were issued to the Chair as part of an incentive package at nominal value, totalling £3.58.

#### **Award of options and shares**

Following the reporting period, the Company awarded options over a further 1,275 shares at an exercise price of £293.75. The total no. of shares under option was reduced by 470 shares, with a weighted average exercise price of £149.85, due to either employees leaving or options being exercised (see above).

On 16 December 2020, the Company awarded options over 940 Ordinary Shares as part of the Company's unapproved share option scheme. These options were at a price of £293.75 each. All terms of the unapproved share option scheme, including exercise period and vesting schedule are the same as the Company's EMI Option Scheme.

#### **Capitalisation of share premium account**

The Company is seeking to restructure the business as a result of a proposed IPO onto AIM, a market operated by the London Stock Exchange plc.

As a result the Company has sought to re-organise the Company's share capital so that it meets the requirement of the Companies Act that the nominal value of the Company's allotted share capital as a public, rather than private company, is not less than the authorised minimum of £50,000.

Therefore, on 20 January 2021, a sum of £134,548 standing to the Company's share premium account has been capitalised by the issue of bonus shares, in the form of ordinary shares in the Company ("**Bonus Shares**").

The Bonus Shares have been issued to shareholders of the Company *pro rata* to each shareholder's existing holding, such that each shareholder has received 400 Bonus Shares for each ordinary share held. The proposed rights attaching to the Bonus Shares are identical to the existing ordinary shares.

### ***Reduction of Capital***

As a result of accumulated losses retained by the Company, its net assets at 30 June 2020 were less than the aggregate of the Company's called up share capital and un-distributable reserves. As such, the Company did not satisfy the net assets criteria set out in the Companies Act to enable the Company to be able to re-register as a public limited company.

On 20 January 2021, the capital (consisting of the share capital and share premium) of the Company was reduced so that the Company would therefore satisfy the net assets criteria of the Companies Act.

This action has the effect of reducing the un-distributable reserves, and therefore the capital, by £8,825,536.88 such that the net assets of the Company are above the revised capital of the Company, as required by the Companies Act in order that the Company can re-register as a public limited company.

**PART IV**  
**ADDITIONAL INFORMATION**

**1. The Company**

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 16 April 2013 with the name AMTE Power Ltd. and with registered number 08490522. On 8 March 2021, the Company was re-registered as a public limited company and changed its name to AMTE Power plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The Company's registered office is at Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB and its head office is at Denchi House, Thurso Business Park, Thurso, Caithness KW14 7XW. The telephone number of the Company is +44 (0)1847 867200 and its website is [www.amtepower.com](http://www.amtepower.com).

**2. Share Capital Reorganisation**

In connection with Admission, the Company undertook the Share Capital Reorganisation which comprised the following steps (all of which were taken on 20 January 2021 (unless otherwise stated)):

- 2.1 a capitalisation of £134,548 standing in the Company's share premium account to fund the issue of 400 bonus Ordinary Shares (the "**Bonus Shares**") for each Ordinary Share held by each Shareholder;
- 2.2 the cancellation of the remaining £8,825,536.88 standing in the share premium account of the Company and the allocation of the cancelled sum to be held as distributable reserves;
- 2.3 the elimination of the retained losses as at 31 December 2020 by setting off the equivalent amount against the distributable reserves; and
- 2.4 the adoption of the Articles (to reflect the Company's re-registration as a public limited company, its name change to AMTE Power plc and its status as an AIM-quoted company) on 8 March 2021 with effect from Admission.

**3. Share capital and loan capital**

- 3.1 As at 16 April 2013, being the date the Company was incorporated, the issued share capital of the Company, all of which was fully paid up, was as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary shares	<u>1</u>	<u>£1.00</u>

- 3.2 As at 1 April 2017, being the start of the period covered by the historical financial information, the issued share capital of the Company, all of which was fully paid up, was as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary shares of 0.5p each (" <b>Ordinary Shares</b> ")	<u>41,508</u>	<u>£207.54</u>

- 3.3 On 19 July 2017, the Company issued 887 Ordinary Shares.
- 3.4 On 9 November 2017, the Company issued 5,917 Ordinary Shares.



- 3.5 On 5 December 2017, the Company issued 1,993 Ordinary Shares.
- 3.6 On 4 September 2018, the Company issued 758 Ordinary Shares.
- 3.7 On 28 January 2019, the Company issued 2,436 Ordinary Shares.
- 3.8 On 19 September 2019, the Company issued 6,823 Ordinary Shares.
- 3.9 As at 30 June 2020, being the latest date to which audited accounts for the Company have been prepared, the issued share capital of the Company, all of which was fully paid up, was as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares	<u>64,209</u>	<u>£321.05</u>

- 3.10 On 3 August 2020, the Company issued 137 Ordinary Shares.
- 3.11 On 31 August 2020, the Company issued 2,146 Ordinary Shares.
- 3.12 On 18 November 2020, the Company issued 782 Ordinary Shares.
- 3.13 On 20 January 2021, prior to the issue of shares noted at paragraph 3.14, the Company issued 26,909,600 Bonus Shares *pro rata* to the number of Ordinary Shares held by each Shareholder. All Ordinary Share references after this paragraph 3.13 reflect this bonus issue.
- 3.14 On 20 January 2021, the Company issued 286,715 Ordinary Shares.
- 3.15 The issued share capital of the Company, all of which is fully paid up, as at the date of publication of this document is as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares	<u>27,263,589</u>	<u>£136,317.945</u>

- 3.16 The issued share capital of the Company, all of which will be fully paid up on or before Admission, as it is expected to be immediately following Admission is as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares	<u>34,666,027</u>	<u>£173,330.14</u>

- 3.17 Details of the total number of options (all granted for nil consideration) under the EMI Plan outstanding as at 5 March 2021 (being the latest practicable date prior to the publication of this document) are as follows:

<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Expiry date</i>
6 October 2016	99,849	14.44	6 October 2026
19 January 2018	230,976	63.20	19 January 2028
12 October 2018	234,184	63.20	12 October 2028
1 May 2020	969,217	73.25	1 May 2030
15 November 2020	290,725	73.25	15 November 2030
16 December 2020	597,490	73.25	16 December 2030
<b>Total</b>	<u>2,422,441</u>		

3.18 On 17 May 2017, the Company entered into an agreement pursuant to which it agreed to issue a warrant to subscribe for up to 95,037 new Ordinary Shares at 63.20p per share exercisable up to 18 December 2027.

On 9 March 2021, the Company granted the Broker Option (as defined in paragraph 11(b) of this Part IV) to SI Capital in respect of 34,446 new Ordinary Shares.

3.19 Pursuant to an ordinary resolution of the Company dated 27 February 2021, subject to and with effect from Admission, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this ordinary resolution, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot, and grant any right to subscribe for or to convert any security into, shares in the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being “**Relevant Securities**”) up to an aggregate nominal amount of £99,118.17, provided that this authority shall be limited to:

- (a) 7,402,438 New Ordinary Shares pursuant to the Placing; and
- (b) Relevant Securities other than pursuant to sub-paragraph (a) above, having an aggregate nominal value equal to £62,105.98,

provided that unless previously revoked, varied or extended, this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such an offer or agreement as if this authority had not expired.

3.20 Pursuant to a special resolution of the Company dated 27 February 2021, subject to and with effect from Admission, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 3.19 above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:

- (a) the allotment of equity securities which fall within sub-paragraph (a) of paragraph 3.19 above;
- (b) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date, in proportion (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them or in accordance with the rights attached to such shares (but subject to such exclusion or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever); and
- (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above) of equity securities up to an aggregate nominal value equal to £18,631.79,

unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the Directors may allot equity securities (and sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

3.21 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 3.20 above.

3.22 Save as set out in this paragraph 3:

- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) there are no shares in the capital of the Company 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;
- (c) there are no outstanding convertible securities issued by the Company; and
- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

3.23 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.

3.24 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

3.25 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 14 days after Admission. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BNQRZZ55.

3.26 The Placing Price of 175 pence per Ordinary Share, which is payable in full on Admission under the terms of the Placing, represents a premium of 174.5 pence over the nominal value of 0.5 pence per Ordinary Share.

3.27 The net asset value of an existing Ordinary Share following the Share Capital Reorganisation but prior to the issue of the New Ordinary Shares, based on the net assets of the Company as at 30 June 2020, is 12.7 pence (the “**Net Asset Value Per Share**”).

3.28 The Placing Price of 175 pence per Ordinary Share represents a premium of 162.3 pence over the Net Asset Value Per Share.

#### **4. Subsidiary undertakings**

The Company is the holding company of the Group.

The Company currently has the following significant subsidiaries:

<i>Name</i>	<i>Registration number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Percentage of voting share capital held</i>
AGM Batteries Limited	03479383	Trading <sup>1</sup>	England and Wales	100
AMTE Technology Limited	11261605	Dormant	England and Wales	100
MEP Technologies Ltd	SC518201	Trading	Scotland	19.5

Note:

1. It is the Company's intention that AGM Batteries Limited will be made dormant in the period following Admission

#### **5. Summary of the Articles of Association of the Company**

The Articles, which were adopted conditional on Admission by a special resolution of the Company passed on 27 February 2021, contain, *inter alia*, provisions to the following effect:

(a) **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles.

The Articles do not contain any restrictions on the objects of the Company.

(b) **Rights attaching to Ordinary Shares**

(i) *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a vote on a show of hands, a proxy appointed by one member has one vote and a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members, and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which it is the holder. A member of the Company shall not be entitled, in respect of any share held by them, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him or her in respect of that share in the Company have been paid or credited as having been paid.

(ii) *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that out of profits available for distribution dividends be paid to members of the Company according to their respective rights and interests in the profits of the Company. However, no such dividend shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

(iii) *Return of capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) **Transfer of shares**

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in

any usual form or in any other form approved by the Board. The instrument of transfer 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 Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless it is:

- (i) in respect of a share which is fully paid up;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or not more than four joint transferees;
- (v) duly stamped (if so required); and
- (vi) delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board may not exercise such discretion in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

(d) **Disclosure of interests in shares**

The provisions of rule 5 of the DTRs govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in 3 per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1 per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice ("**disenfranchisement notice**") pursuant to which the following sanctions shall apply:

- (i) the member shall not, with effect from the service of the disenfranchisement notice, be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
  - (A) any dividend or other money payable in respect of the default shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
  - (B) subject, in the case of uncertificated shares to the CREST Regulations, no transfer, other than an approved transfer, of any shares held by the member shall be registered unless:
    - the member is not himself in default as regards supplying the information required; and

- the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise) unless a separate notice is issued in respect of such further shares.

(e) **Purchase of own shares**

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(f) **Variation of rights**

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided 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 class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation.

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(g) **General meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- in the case of an annual general meeting, at least 21 clear days; and
- in any other case, at least 14 clear days.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chair which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chair may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he or she shall determine. The chair may, without consent of the meeting, interrupt or adjourn any general meeting if he or she is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least 7 clear days' notice is required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(h) **Board authorisation of conflicts**

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation shall be effective only if:

- (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director;
- (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director; and
- (iii) the conflicted Director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the matter or situation which is the subject of the conflict or possible conflict.

(i) **Directors' interests**

Provided permitted by any relevant legislation and provided that he or she has disclosed to the Board the nature and extent of his interest in accordance with the Articles, a Director, notwithstanding his office:

- (i) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (ii) may hold any other office or position of profit under the Company (except that of auditor of the Company or of any subsidiary of the Company) and may act by himself or through his firm in a professional capacity for the Company;
- (iii) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he or she derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any Director having any such interest or receiving any such dividend, profit, remuneration, payment or benefit.

(j) **Directors' ability to vote and count for quorum**

A Director shall not vote on or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he or she has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party 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 or she herself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he or she and any persons connected with him or her do not to his or her knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) 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;
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors
- (vii) the funding of expenditure by one or more Directors in defending proceedings against him or them or doing anything to enable such Directors to avoid incurring such expenditure provided that such funding is consistent with, or no more beneficial to him or them than the provisions of the Articles and is permitted pursuant to the provisions of the relevant legislation; or
- (viii) the giving of an indemnity or indemnities in favour of one or more Directors which is/are consistent with, or no more beneficial to him or them than any such indemnities provided pursuant to the Articles (and provided such indemnities are permitted pursuant to the relevant legislation).

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(k) **Directors**

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 £500,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any Director has held office for less than the whole of the relevant period in respect of which the fees are paid).

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as Director. If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he or she may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(i) **Pensions and benefits**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director or any director of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any scheme, institution, club, trust or fund and pay premiums.



(l) **Indemnification of Directors**

Subject to, and to the fullest extent permitted by, law, every Director and every director of any associated company, former Director, alternate Director secretary or other officer of the Company (other than an auditor) may (at the discretion of the Board) be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him or her in relation to anything done, omitted or alleged to have been done by him or her in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(m) **Borrowing powers**

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or 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 any third party.

The aggregate principal amount at any one time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of £10 million and an amount equal to three times the aggregate of:

- (i) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries, whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

## 6. Directors and employees

6.1 The Directors and each of their respective functions are set out in Part I of this document.

6.2 The business address of the Directors is Denchi House, Thurso Business Park, Thurso Caithness KW14 7XW.

6.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Date of birth</i>	<i>Commencement date in office</i>
David Morgan	17 October 1957	14 April 2020
Kevin Brundish	17 October 1970	10 June 2014
Adam Westcott	17 October 1973	16 December 2020
Adam Park	24 March 1969	27 October 2016
Rt. Hon. Viscount Thurso PC	10 September 1953	1 June 2020
Alyson Levett	14 January 1966	16 January 2021

6.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
David Morgan	Nord Gold UK Societas Piazza Barnaloft Management Limited	Econic Technologies Limited Hargreaves Services PLC Phosphonics Limited The Royal Mint Limited SFC Energy AG
Kevin Brundish	Bardan Cells Ltd MEP Technologies Ltd	None
Adam Westcott	Westcott Consulting Limited Omalime Properties Limited Lastshaw Limited	Gatelynn Limited Gradestar Limited
Adam Park	Clearpath Consultancy Limited	Anna Alla Limited
Rt. Hon. Viscount Thurso PC	The Sinclair Family Trust Lochdhu Hotels Limited North Highland Regeneration Fund Thurso Fisheries Limited Ulvester Estates (Sporting) Limited Ulvester Holdings Limited	The International Wine & Spirit Competition Limited Castle & Gardens of Mey Limited
Alyson Levett	i-nexus Global plc i-Solutions Global Ltd	None

6.5 As at the date of this document none of the Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever 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.

6.6 Details of the number of the Group's employees for each of the three financial years ended 30 June 2020 are as follows:

<i>Financial period ended</i>	<i>Average number of employees</i>
31 March 2018	26
31 March 2019	34
30 June 2020	46

6.7 As at 30 June 2020, the employees of the Group were employed as follows:

Central management	2
Development	18
Production	18
Sales and marketing	8
Finance and administration	9
<b>TOTAL</b>	<b>55</b>

## 7. Directors' and other interests

7.1 The interests of the Directors, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Director</i>	<i>As at the date of this document<sup>1</sup></i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
David Morgan	286,715	1.05	286,715	0.83
Kevin Brundish	2,085,200	7.65	1,980,940	5.71
Adam Westcott	Nil	Nil	Nil	Nil
Adam Park <sup>3</sup>	25,263	0.09	25,263	0.07
Rt. Hon. Viscount Thurso PC	Nil	Nil	Nil	Nil
Alyson Levett	Nil	Nil	Nil	Nil
<b>Total</b>	<b>2,397,178</b>	<b>8.79</b>	<b>2,292,918</b>	<b>6.61</b>

Notes:

- These figures do not include any interests in the Ordinary Shares that the Directors may have under the EMI Plan referred to in paragraph 7.2.
- The Ordinary Shares held by David Morgan as at the date of this document are, pursuant to the terms of a subscription agreement, subject to clawback by the Company on the occurrence of certain events prior to the second anniversary of his appointment as Chair of the Company. These Ordinary Shares were issued to David Morgan on 20 January 2021 in recognition of him providing his services as Non-Executive Chair of the Company prior to Admission.
- Held in the name of Clearpath Consultancy Limited.

7.2 Details of the total number of options granted to the Directors under the EMI Plan outstanding as at 5 March 2021 (being the latest practicable date prior to the publication of this document) are as follows:

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under option</i>	<i>Expiry date</i>
Kevin Brundish	16 December 2020	73.25	78,195	16 December 2030
Adam Westcott	12 October 2018	63.20	108,671	12 October 2028
	1 May 2020	73.25	247,417	1 May 2030
	16 December 2020	73.25	200,500	16 December 2030
<b>Total</b>			<b>634,783</b>	

7.3 Save as disclosed above, none of the Directors nor any member of his or her immediate family nor any person connected with him or her (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

7.4 In addition to the interests of the Directors set out in paragraphs 7.1 to 7.3 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in 3 per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Carl Maine	3,767,395	13.82	3,767,395	10.87
Renaissance Capital Partners Ltd <sup>1</sup>	2,476,175	9.08	2,476,175	7.14
Steven Farmer	2,318,983	8.51	2,203,034	6.36
Ian Whiting	2,318,983	8.51	2,203,034	6.36
Kevin Brundish	2,085,200	7.65	1,980,940	5.71
Thames Temese Management Limited as Trustee of the Thames Trust	1,877,883	6.89	1,877,883	5.42
John Kinder <sup>2</sup>	1,388,262	5.09	1,388,262	4.00
Philip Betts <sup>3</sup>	1,042,600	3.82	990,470	2.86
Simon Philpot	1,023,753	3.76	1,152,324	3.32
Lombard Odier	Nil	Nil	1,800,000	5.19

Notes:

1. Includes Ordinary Shares held by Renaissance Capital Partners Ltd, Kenneth Randall and Morgan Lloyd SIPP Trustees as Trustees of the MLSS Ltd SIPP Re Randall K (but not Adam Park whose shareholding is held through Clearpath Consultancy Limited, details of which are included at paragraph 7.1 above)
2. Held in the name of 'Dentons SIPP J M Kinder'.
3. Includes 521,300 and 495,235 Ordinary Shares held in the name of Susan Betts, Philip Betts' wife, as at the date of this document and immediately following Admission, respectively.

7.5 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.6 The interests of the Concert Party (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be immediately following Admission are/will be as follows:

<i>Member of Concert Party</i>	<i>As at the date of this document</i>			<i>Immediately following Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>
			<i>under option</i>			<i>under option</i>
Carl Maine	3,767,395	13.82	Nil	3,767,395	10.87	Nil
Steven Farmer	2,318,983	8.51	178,044	2,203,034	6.36	178,044
Kevin Brundish	2,085,200	7.65	78,195	1,980,940	5.71	78,195
Philip Betts <sup>1</sup>	1,042,600	3.82	Nil	990,470	2.86	Nil
Paul Tillett	797,489	2.93	160,400	797,489	2.30	160,400
John Fox	721,800	2.65	Nil	685,710	1.98	Nil
Simon Snow	620,748	2.28	Nil	661,890	1.91	Nil
George Morris	433,882	1.59	Nil	433,882	1.25	Nil
Kimberley Levins	340,850	1.25	Nil	340,850	0.98	Nil
Carlton Simmons	229,372	0.84	Nil	229,372	0.66	Nil
Andrew Waite	204,510	0.75	Nil	204,510	0.59	Nil
Matthieu Billiet	170,425	0.63	Nil	170,425	0.49	Nil
Jeremie Tobelem	136,340	0.50	Nil	136,340	0.39	Nil
William Sissen	109,072	0.40	Nil	109,072	0.31	Nil

<i>Member of Concert Party</i>	<i>As at the date of this document</i>			<i>Immediately following Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares under option</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares under option</i>
William Baillieu	76,190	0.28	Nil	78,761	0.23	Nil
Lodovica Speri	34,085	0.13	Nil	34,085	0.10	Nil
Brian Tillett	5,714	0.02	Nil	5,714	0.02	Nil
Emma Baillieu	Nil	Nil	Nil	2,571	0.01	Nil
<b>Total</b>	<b>13,094,655</b>	<b>48.03</b>	<b>416,639</b>	<b>12,832,510</b>	<b>37.02</b>	<b>416,639</b>

1. Includes 521,300 and 495,235 Ordinary Shares held in the name of Susan Betts, Philip Betts' wife, as at the date of this document and immediately following Admission, respectively

7.7 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

7.8 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

7.9 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.

7.10 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.

7.11 There have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 (as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018) that the Company has entered into since 30 June 2020.

7.12 There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties they may have.

7.13 No Director nor any member of his immediate family nor any person connected with him or her (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

## **8. Directors' remuneration and service agreements**

8.1 Kevin Brundish is employed as Chief Executive Officer pursuant to the terms of a service agreement with the Company dated 9 March 2021. The agreement is terminable by either party on not less than six months' written notice. Mr Brundish is paid a basic annual salary of £115,000. His basic salary is subject to annual review by the Remuneration Committee. In addition, Mr Brundish receives a contribution of three per cent. of his basic salary to a personal pension plan of his choice. Mr Brundish is subject to certain non-competition and non-solicitation covenants for a period of twelve months' following the termination of his employment. The agreement is governed by English law.

8.2 Adam Westcott is employed as Chief Financial Officer pursuant to the terms of a service agreement with the Company dated 9 March 2021. The agreement is terminable by either party on not less than six months' written notice. Mr Westcott is paid a basic annual salary of £110,000. His basic salary is subject to annual review by the Remuneration Committee. In addition, he receives a contribution of three per cent. of his basic salary to a personal pension plan of his choice. Mr Westcott is subject to certain non-competition and non-solicitation covenants for a period of twelve months' following the termination of his employment. The agreement is governed by English law.

- 8.3 Pursuant to the terms of a letter of engagement with the Company dated 9 March 2021, David Morgan has agreed to serve as Non-Executive Chair for an annual fee of £50,000. This appointment is terminable by either party on not less than three months' written notice but will terminate automatically if Mr Morgan is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.4 Pursuant to the terms of a letter of engagement with the Company dated 9 March 2021, Clearpath Consultancy Limited has agreed to provide the services of Adam Park as a Non-Executive Director for an annual fee of £25,000 plus VAT. This appointment is terminable by either party on not less than three months' written notice but will terminate automatically if Mr Park is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.5 Pursuant to the terms of a letter of engagement with the Company dated 9 March 2021, Ulbster Holdings Limited has agreed to provide the services of Rt. Hon. Viscount Thurso PC as a Non-Executive Director for an annual fee of £25,000 plus VAT. This appointment is terminable by either party on not less than three months' written notice but will terminate automatically if Viscount Thurso is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.6 Pursuant to the terms of a letter of engagement with the Company dated 9 March 2021, Alyson Levett has agreed to serve as a Non-Executive Director for an annual fee of £25,000. This appointment is terminable by either party on not less than three months' written notice but will terminate automatically if Ms Levett is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.7 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.
- 8.8 In the financial period ended 30 June 2020 (being the last completed financial year of the Company) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £285,125, before taking into account the issue of Ordinary Shares to David Morgan referred to in Note 2 to paragraph 7.1 of this Part IV.
- 8.9 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 30 June 2021 (being the current financial year of the Company) will be £328,549, before taking into account the issue of Ordinary Shares to David Morgan referred to in Note 2 to paragraph 7.1 of this Part IV.

## **9. EMI Plan**

### **9.1 Introduction**

The Directors believe that employee share ownership will continue to form a vital part of the culture and incentives structure of the business. The Company adopted the EMI Plan on 27 October 2015 and it was updated on 20 January 2021. The Company intends to continue to operate the EMI Plan after Admission.

### **9.2 Summary of the rules**

The following is a summary of the rules of the EMI Plan:

(a) *Eligibility*

All employees and executive directors of the Group are eligible to participate at the discretion of the Remuneration Committee providing that they work for the Group for at least 25 hours a week, or, if less, 75 per cent. of their overall working time.

(b) *Grant of options*

Options may be granted by the Remuneration Committee normally during a period of 42 days starting on the announcement to the London Stock Exchange of the Company's interim or final results. In circumstances deemed exceptional by the Remuneration Committee, options may be granted outside the normal period. Options may not be granted more than 10 years after the

date of adoption of the EMI Plan. Options granted under the EMI Plan are personal to a participant and, except on his death, may not be transferred, assigned or charged.

When granting options the Remuneration Committee may specify objective performance targets to be satisfied before those options can be exercised.

(c) *Exercise price*

The price at which participants in the EMI Plan may acquire Ordinary Shares shall not be less than the nominal value of an Ordinary Share.

(d) *Individual limits*

No option may be granted to a participant which would result in the aggregate unrestricted market value of Ordinary Shares (as measured at the date of grant) comprised in options (which remain unexercised, and have not lapsed or been cancelled or surrendered) granted to him or her under the EMI Plan and any other company share option plan of the Company or any associated company exceeding £250,000. Unapproved options granted under the EMI Plan do not count towards this limit.

(e) *Dilution limits*

The EMI Plan is subject to the limit that the number of Ordinary Shares which may be issued or issuable pursuant to rights granted in any 10 year period under the EMI Plan may not exceed 10 per cent. of the issued ordinary share capital of the Company post-Admission.

Treasury shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

Ordinary Shares issued to satisfy options made before Admission will not count towards this limit.

(f) *Timing of operation*

No options can be granted under the EMI Plan after the tenth anniversary of their adoption by the Company.

(g) *Exercise, lapse and exchange of options*

Options may normally be exercised in whole or in part during such period as the Remuneration Committee may determine at the time of grant. Options may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares.

Exercise is permitted following cessation of employment, to the extent that the option is vested, where the option holder is considered to be a Good Leaver (as defined in the EMI Plan) which includes such reasons as redundancy, permanent or serious physical or mental ill-health, and at the discretion of the Remuneration Committee. However, options will normally lapse on cessation of employment where the option holder is not a Good Leaver.

In the event of an amalgamation, takeover or winding up of the Company, options may be exercised within certain time limits. There are also provisions for the exchange of options in specified circumstances. Options immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy.

(h) *Adjustments*

The number of shares comprised in an option and/or exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company's share capital occurs, provided the legislative requirements are met.

(i) *Rights attaching to shares*

All Ordinary Shares allotted under the EMI Plan will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

(j) *Amendments*

The Remuneration Committee may at any time amend the EMI Plan.

(k) *Income tax and national insurance*

The participant indemnifies the Company for any income tax liability and primary class I (employee) national insurance liability (and any similar liabilities in other jurisdictions) which arises on the grant to him or her or exercise by him or her of an option. In addition, participants will also be required to cover any employers' national insurance contributions which will arise for the Company on gains made on the exercise of options unless the Remuneration Committee determines and notifies the participants otherwise.

(l) *Unapproved options*

The EMI Plan contains a schedule dealing with grants of "unapproved" options, not intending to be EMI options, to employees of the Group employees (the "**Schedule**"). Any Ordinary Shares made available under the Schedule are not treated as counting against the limits on individual and overall participation in the EMI Plan.

(m) *Other provisions*

The EMI Plan will terminate on the tenth anniversary of the date of adoption or earlier if determined by the Remuneration Committee. The termination of the EMI Plan will not affect outstanding options granted under them.

Benefits provided under the EMI Plan are not pensionable and may not be transferred (other than on death).

Participants will not have dividend or voting rights in respect of Ordinary Shares under option until such Ordinary Shares have been issued or transferred to them.

In the event of a variation in the share capital of the Company, a demerger and/or a special dividend, the Remuneration Committee may adjust options under the EMI Plan as they consider appropriate.

## 10. Taxation

The following information is based on UK tax law and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

### 10.1 **Tax treatment of UK investors**

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are *connected* or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (b) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (c) who are in any doubt as to their taxation position.



Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

## 10.2 **Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amounts of dividends received from the Company.

UK tax resident individuals have a £2,000 per annum dividend tax-free allowance. Dividend receipts from all sources in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received from the Company but will not be entitled to claim relief in respect of any underlying tax.

## 10.3 **Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by individuals who are basic rate taxpayers is 10 per cent., and for upper rate and additional rate taxpayers is 20 per cent.

Subject to certain exemptions, the corporation tax rate applicable to the taxable profits of Shareholders within the charge to UK corporation tax is currently 19 per cent.

## 10.4 **Further information for Shareholders subject to UK income tax and capital gains tax**

### *Transactions in securities*

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

## 10.5 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL AND/OR TAX ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.**

## 11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the period of two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which any member of the Group has an obligation or entitlement to the Group as at the date of this document:

### ***The Placing and Admission***

#### (a) *Placing Agreement*

A placing agreement dated 9 March 2021 and made between (1) the Company (2) the Directors (3) WH Ireland (4) and SI Capital pursuant to which the Joint Bookrunners have agreed, subject to certain conditions, to act as agents for the Company and to use their reasonable endeavours to procure places to subscribe for the New Ordinary Shares at the Placing Price.

The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 12 March 2021 (or such later date as the Company, the Joint Bookrunners may agree, being not later than 1.00 p.m. on 31 March 2021). The Placing Agreement contains warranties from the Company and the Directors in favour of the Joint Bookrunners in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business.

In addition, the Company has agreed to indemnify the Joint Bookrunners in respect of certain liabilities they may incur in respect of the Placing. The Joint Bookrunners have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or a force majeure event.

#### (b) *Broker Option*

Pursuant to an option agreement dated 9 March 2021 and made between the Company and SI Capital, in consideration for SI Capital's services in connection with the Placing, the Company has granted SI Capital a call option to subscribe at the Placing Price for an aggregate of up to 34,446 new Ordinary Shares (being 2 per cent. of the New Ordinary Shares placed by SI at the Placing Price) (the “**Broker Option**”). The Broker Option may be exercised by SI Capital at any time from Admission until the second anniversary of Admission.

(c) *Selling Shareholder Agreement*

A Selling Shareholder agreement dated 9 March 2021 and made between (1) the Selling Shareholders, (2) WH Ireland and (3) the Company pursuant to which WH Ireland has agreed, subject to certain conditions, to act as agent for the Selling Shareholders and to use its reasonable endeavours to procure places to subscribe for the Sale Shares at the Placing Price.

The Selling Shareholder Agreement is conditional upon, *inter alia*, Admission occurring on or before 1.00 p.m. on 31 March 2021. The Selling Shareholder Agreement contains warranties from the Selling Shareholder in favour of WH Ireland in relation to, amongst other things, title to the Sale Shares.

In addition, the Selling Shareholders have agreed to indemnify WH Ireland in respect of certain liabilities they may incur in respect of the Placing. WH Ireland has the right to terminate the Selling Shareholder Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties or termination of the Placing Agreement in accordance with its terms.

(d) *Lock-in and orderly market agreements*

Various independent lock-in and orderly market agreements made between (1) the Company (2) WH Ireland (3) SI Capital and (4) the relevant Shareholder (each a **“Covenantor”**) pursuant to which each Covenantor has undertaken to the Company and the Joint Bookrunners (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company or otherwise with the prior consent of the Joint Bookrunners), not to dispose of 18,107,596 Ordinary Shares held by them in aggregate following Admission or any other securities in exchange for or convertible into, or substantially similar to, Ordinary shares (or any interest in them or in respect of them) (the **“Restricted Shares”**) at any time prior to the first anniversary of Admission (the **“Lock-in Period”**) without the prior written consent of the Joint Bookrunners.

Furthermore, each of the Covenantors has also undertaken to the Company and the Joint Bookrunners not to dispose of their Restricted Shares for the period of 12 months following the expiry of the Lock-in Period, subject to limited exceptions, otherwise than through WH Ireland and/or SI Capital.

(e) *Nomad Agreement*

A nominated adviser and broker agreement (the **“Nomad Agreement”**) dated 9 March 2021 and made between (1) the Company (2) the Directors and (3) WH Ireland pursuant to which the Company has appointed WH Ireland to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Nomad Agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to WH Ireland. The Nomad Agreement is for a fixed term of 12 months and thereafter is terminable upon not less than six months' prior written notice by either the Company or WH Ireland.

## **General**

(f) *Shareholder Agreements*

(i) An amended and restated shareholders' agreement dated 27 March 2020 and made between (1) the Company and (2) certain shareholders of the Company (the **“Shareholders' Agreement”**). The Shareholders' Agreement contains provisions typical of an agreement of its nature including a provision governing the decision-making functions of the Company as between its shareholders. The Shareholders' Agreement was amended on 1 March 2021 such that it will be terminated automatically on Admission.

(ii) A subscription agreement dated 24 October 2016 and made between (1) the Company and (2) certain shareholders of the Company that is supplemental to the Shareholders' Agreement (the **“Subscription Agreement”**). The Subscription Agreement was entered into to govern the subscription by certain investors in the Company. The Subscription Agreement will be terminated prior to Admission by deed of termination.

(g) *Deed of Termination*

A deed of termination (the “**Deed of Termination**”) dated 1 March 2021 and made between (1) the Company and (2) certain shareholders of the Company pursuant to which the Subscription Agreement was terminated.

## 12. Working capital

In the opinion of the Directors having made due and careful enquiry, taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

## 13. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

## 14. Significant change

There has been no significant change in the financial or trading position of the Company since 30 June 2020, being the end of the period to which the latest audited consolidated accounts of the Company relate.

## 15. Consents

15.1 WH Ireland Limited of 24 Martin Lane, London EC4R 0DR is authorised and regulated in the United Kingdom by the FCA. WH Ireland has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

15.2 SI Capital Limited of 46 Bridge Street, Godalming, Surrey GU7 1HL is authorised and regulated in the United Kingdom by the FCA. SI Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

15.3 Saffery Champness LLP, Chartered Accountants and registered auditors, of 71 Queen Victoria Street London EC4V 4BE, have given and have not withdrawn their written consent to the issue of this document with the inclusion of their name and their report in Part III of this document and the references to such report and their name, in the form and context in which they appear.

## 16. General

16.1 The net proceeds of the Placing are expected to be approximately £11.33 million net of expenses of the Placing which are estimated at approximately £1.62 million, excluding VAT, and are payable by the Company.

16.2 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

- (a) fees totalling £10,000 or more;
- (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

- 16.3 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 16.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 16.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 16.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 16.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 16.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 16.9 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Brief details of the Panel, the City Code and the protections they afford are described below. The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a quoted public company resident in the United Kingdom. The Company is a public company resident in the United Kingdom and its shareholders are therefore entitled to the protections afforded by the City Code. Under Rule 9 of the City Code, when (i) a person acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the City Code) which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.
- An offer under Rule 9 of the City Code must be in cash (or with a cash alternative) and at not less than the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him. Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him or her holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. However, individual members of a concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent. For the purposes of the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company. Paragraph (9) of the definition of 'acting in concert' also deems any shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the City Code applies to be acting in concert for the purposes of the City Code unless the contrary is established.
- 16.10 Under the Act, if a takeover offer (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in

value of the Ordinary Shares to which the takeover offer relates (the **“Takeover Offer Shares”**) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

16.11 The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares (being voting shares that carry voting rights in the Company), any holder of Ordinary Shares to which the offer relates who has not accepted the offer is entitled by a written communication to the offeror to require it to acquire its Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, the giving notice. If a Shareholder exercises his other rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

16.12 Since 30 June 2020, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.

16.13 The current accounting reference period of the Company will end on 30 June 2021.

16.14 The financial information contained in Part III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The independent auditors for each of the periods ended 31 March 2018 and 31 March 2019 and the 15 month period ended 30 June 2020 were Saffery Champness LLP, Chartered Accountants and registered auditors, of 71 Queen Victoria Street London EC4V 4BE. A copy of the audited statutory accounts of the Company for each of the periods ended 30 June 2018, 30 June 2019 and 30 June 2020 has been delivered to the Registrar of Companies in England and Wales. The auditors’ reports for each of the periods ending 31 March 2018 and 31 March 2019 and the 15 month period ended 30 June 2020 under section 495 of the Act on those accounts were unqualified and did not contain any statement under section 498 of the Act.

## 17. Selling Shareholders

The names of the Selling Shareholders are set out below:

<i>Selling Shareholder</i>	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Number of Sale Shares</i>	<i>Number of Ordinary Shares immediately following Admission</i>
Steven Farmer	2,318,983	115,949	2,203,034
Ian Whiting	2,318,983	115,949	2,203,034
Kevin Brundish	2,085,200	104,260	1,980,940
John Fox	721,800	36,090	685,710
Philip Betts	521,300	26,065	495,235
Susan Betts	521,300	26,065	495,235

The business address of (i) Steven Farmer, Kevin Brundish and John Fox is c/o AMTE Power plc, Denchi House, Thurso Business Park, Thurso, Caithness KW14 7XW, (ii) Ian Whiting is c/o UK Battery Industrialisation Centre, Rowley Road, Baginton, Coventry CV8 3AL and (iii) Philip and Susan Betts is c/o Primary Asset Finance Limited, 5 The Courtyard, Alswick, Buntingford, Hertfordshire SG9 0AA.

**18. Availability of this document**

A copy of this document is available at the Company's website [www.amtepower.com](http://www.amtepower.com).

Dated 9 March 2021





amte

[www.amtepower.com](http://www.amtepower.com)