

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).**

This Document comprises a prospectus relating to Hertsford Capital plc (to be renamed OTAQ plc) and has been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). A copy of this Document has been filed with the Financial Conduct Authority and made available to the public as required by the Prospectus Regulation. This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129; the FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the quality of the Ordinary Shares and the issuer that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

The current entire issued Ordinary Shares in the capital of the Company (the “**Existing Ordinary Shares**”) are admitted to listing as a Standard Listing maintained by the FCA, in its capacity as competent authority under FSMA under chapter 14 of the Listing Rules and to trading on the Main Market of the London Stock Exchange.

As the Company’s acquisition of the entire issued share capital of OTAQ Group Limited (“**OTAQ GL**”) and its subsidiaries (the “**Acquisition**”) constitutes a “reverse takeover” under the Listing Rules (“**Reverse Takeover**”), upon announcement of the proposed Acquisition on 12 February 2020, the Standard Listing of the Existing Ordinary Shares was suspended by the FCA. In accordance with the Listing Rules, upon completion of the Acquisition the FCA will cancel the Company’s existing Standard Listing. Further applications will be made to the UK Listing Authority for the Existing Ordinary Shares to be re-admitted and for the New Ordinary Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for the re-admission of the Existing Ordinary Shares and admission of the New Ordinary Shares to trading on the Main Market (together the “**Admission**”).

It is currently expected that the Admission will become effective post Completion at 8 a.m. on 31 March 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

**The whole of the text of this document should be read by prospective investors. Your attention is specifically drawn to the discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares contained at Part 2 of this Document headed “Risk factors”.**

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# Hertsford Capital plc

(to be renamed OTAQ plc)

(incorporated in England and Wales under the Companies Act 2006 with registered number 11429299)

**Placing of 2,608,694 Ordinary Shares of 15 pence each  
at 57.5 pence per Ordinary Share**

**Admission to the Official List and to trading on the London Stock Exchange’s Main Market**

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

This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the “**Securities Act**”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Neither this Document, nor any copy of it, may be sent to or taken into the United States, Canada, Australia or Japan, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act).

No person is authorised in connection with the Placing to give any information or to make any representation other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company.

The contents of this Document are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

## TABLE OF CONTENTS

Part 1 Summary	3
Part 2 Risk Factors	10
Part 3 Important Information	18
Part 4 Directors, Company Secretary and Advisers	22
Part 5 Expected Timetable of Principal Events	24
Part 6 Placing Statistics	25
Part 7 Information on the Enlarged Group	26
Part 8 Operational and Financial Review	46
Part 9 Historical Financial Information	52
Part 10 Pro Forma Financial Information	122
Part 11 Unaudited Interim Financial Information	126
Part 12 Taxation	138
Part 13 Consequences of a Standard Listing	141
Part 14 Additional Information	142
Part 15 Definitions	171

**PART 1**  
**SUMMARY**

This summary conveys the essential characteristics of, and risks associated with, the Company and the Ordinary Shares and should be read solely as an introduction to this Document. Any decision to invest in Ordinary Shares should be based on a consideration of this Document as a whole.

If you bring a claim relating to the information contained in this Document before a court where English is not the language in which proceedings are conducted, you may have to bear the costs of translating this Document before the legal proceedings are initiated. Civil liability attaches to the persons responsible for this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document.

**1. INTRODUCTION AND WARNINGS**

<b>Name and ISIN of the securities</b>	The securities are the Ordinary Shares, which have the ISIN GB00BK6JQ137
<b>Identity and contact details of the issuer</b>	The issuer is Hertsford Capital plc (to be renamed OTAQ plc), and its registered address is at 16 Great Queen Street, London WC2B 5DG.
<b>Identity and contact details of the offeror or of the person asking for admission to trading on a regulated market</b>	The Company is the offeror and the person asking for admission to trading of the Ordinary Shares on the Main Market, which is a regulated market.
<b>Date of approval of the Prospectus</b>	The Prospectus was approved on 24 March 2020
<b>Identity and contact details of the competent authority approving the Prospectus</b>	The competent authority approving the Prospectus is the FCA. The FCA's registered office address is at 12 Endeavour Square, London, E20 1JN, United Kingdom and telephone number is +44 (0)20 7066 1000.
<b>Warnings</b>	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>The investor could lose all or part of the invested capital.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of this Document or it does not provide, when read together with other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.</p>

**2. KEY INFORMATION ON THE ISSUER**

2.1 Who is the issuer of the securities?

<b>Legal and commercial name</b>	The legal and commercial name of the issuer is Hertsford Capital plc (to be renamed OTAQ plc).
<b>Domicile and legal form</b>	<p>The Company was incorporated and registered in England and Wales on 22 June 2018 as a public limited company under the Companies Act 2006.</p> <p>The Company's LEI is 213800CZGMYB5XTUXJ52</p>
<b>Principal activities</b>	<p>The principal activity of the Company is as a cash shell company. The Company does not trade. Following the Completion of the Acquisition of OTAQ GL, the principal activity of the Enlarged Group will be the design, development, provision and support of marine technology for use in the aquaculture and the offshore oil and gas industries. The core products of the Enlarged Group will in aquaculture be primarily to deter predator attacks on offshore salmon farms and in offshore oil and gas. A range of sub-sea cameras, laser measuring devices and high technology electrical connectors.</p> <p>On 10 March 2020, the Company entered into a sale and purchase agreement (the Main SPA) with Sellers representing approximately 86% of the issued share capital of OTAQ GL together with its subsidiaries. Thereafter, OTAQ GL commenced a drag along process pursuant to Article 30 of OTAQ GL's articles of association to acquire the remaining approximately 14% of OTAQ GL's shares from other Sellers (Dragged</p>

	Shareholders). In due course (but before the General Meeting) an agreement will be entered into between the Company and the Dragged Shareholders to acquire those remaining OTAQ GL shares. The consideration payable under the Acquisition is to be satisfied by the issue to the Sellers of the Consideration Shares. As the Acquisition constitutes a Reverse Takeover, the Standard Listing of the Ordinary Shares was suspended by the FCA on 12 February 2020 pending the Company publishing a prospectus in relation to Admission. The Acquisition is expected to complete on 31 March 2020.																																																							
<b>Major shareholders (over 3%) of the Company before and immediately following the issue of the New Ordinary Shares</b>	<table border="1"> <thead> <tr> <th><b>Name of Shareholder</b></th> <th><b>Ordinary Shares held post consolidation</b></th> <th><b>% of issued existing issued Ordinary Share capital</b></th> <th><b>Ordinary Shares held at Admission</b></th> <th><b>% of issued Share capital at Admission (Note 6)</b></th> </tr> </thead> <tbody> <tr> <td>Harry &amp; Anita Hyman (Note 1 and 2)</td> <td>281,111</td> <td>4.39%</td> <td>759,551</td> <td>2.49%</td> </tr> <tr> <td>Paul &amp; Philippa Curtis (Note 3)</td> <td>501,731</td> <td>7.84%</td> <td>720,887</td> <td>2.36%</td> </tr> <tr> <td>Euroblue Investments (Note 5)</td> <td>—</td> <td>—</td> <td>4,038,732</td> <td>13.22%</td> </tr> <tr> <td>Jarvis Investment Management (EO)</td> <td>329,680</td> <td>5.15%</td> <td>329,680</td> <td>1.08%</td> </tr> <tr> <td>Canaccord Genuity Group Inc</td> <td>600,000</td> <td>9.37%</td> <td>1,950,000</td> <td>6.38%</td> </tr> <tr> <td>Livingbridge VC LLP</td> <td>600,000</td> <td>9.37%</td> <td>600,000</td> <td>1.96%</td> </tr> <tr> <td>David Evans</td> <td>396,200</td> <td>6.19%</td> <td>1,486,762</td> <td>4.87%</td> </tr> <tr> <td>Andrew Headley</td> <td>383,500</td> <td>5.99%</td> <td>383,500</td> <td>1.26%</td> </tr> <tr> <td>Harald Rotsch</td> <td>—</td> <td>0.00%</td> <td>2,113,290</td> <td>6.92%</td> </tr> <tr> <td>David and Vivien Poutney (Note 4)</td> <td>—</td> <td>—</td> <td>1,617,246</td> <td>5.29%</td> </tr> </tbody> </table> <p>Note 1 – includes 10,000 Ordinary Shares held by Anita Hyman (Harry Hyman’s wife) and 109,578 Ordinary Shares held by Nexus Central Management Services Ltd a company controlled by Harry Hyman.</p> <p>Note 2 – excludes warrants to acquire 80,000 Ordinary Shares held by Harry Hyman.</p> <p>Note 3 – at Admission 284,000 Ordinary Shares are held by Paul Curtis and 436,887 Ordinary Shares are held by Philippa Curtis.</p> <p>Note 4 – at Admission 631,044 Ordinary Shares are held by David Poutney and 986,202 Ordinary Shares are held by Vivien Poutney. David Poutney is an associate of Dowgate.</p> <p>Note 5 – Euroblue Investments is controlled by Mr Nigel Wray.</p> <p>Note 6 – The holdings of substantial shareholders immediately following Admission are based on the following assumptions: (i) the Placing having occurred and the Placing Shares having been issued; and (ii) the issue of the Consideration Shares. It does not include (a) the issue of Ordinary Shares to satisfy the acquisition of the OTAQ Option Shares detailed in paragraph 16 of Part 7 of this Document; and (b) the issue of the Warrant Shares (further details of which are located in paragraph 17 of Part 7 of this Document);</p> <p>On Admission, the holders of the New Ordinary Shares will not have special voting rights and the Ordinary Shares owned by them will rank <i>pari passu</i> in all respects with the holders of the Existing Ordinary Shares.</p>	<b>Name of Shareholder</b>	<b>Ordinary Shares held post consolidation</b>	<b>% of issued existing issued Ordinary Share capital</b>	<b>Ordinary Shares held at Admission</b>	<b>% of issued Share capital at Admission (Note 6)</b>	Harry & Anita Hyman (Note 1 and 2)	281,111	4.39%	759,551	2.49%	Paul & Philippa Curtis (Note 3)	501,731	7.84%	720,887	2.36%	Euroblue Investments (Note 5)	—	—	4,038,732	13.22%	Jarvis Investment Management (EO)	329,680	5.15%	329,680	1.08%	Canaccord Genuity Group Inc	600,000	9.37%	1,950,000	6.38%	Livingbridge VC LLP	600,000	9.37%	600,000	1.96%	David Evans	396,200	6.19%	1,486,762	4.87%	Andrew Headley	383,500	5.99%	383,500	1.26%	Harald Rotsch	—	0.00%	2,113,290	6.92%	David and Vivien Poutney (Note 4)	—	—	1,617,246	5.29%
<b>Name of Shareholder</b>	<b>Ordinary Shares held post consolidation</b>	<b>% of issued existing issued Ordinary Share capital</b>	<b>Ordinary Shares held at Admission</b>	<b>% of issued Share capital at Admission (Note 6)</b>																																																				
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<b>Directors on Admission</b>	Alexander Hambro (non-executive Chairman) Philip Newby (Chief Executive Officer) Simon Walters (Chief Financial Officer) George Watt (non-executive) Sarah Gills (non-executive)																																																							
<b>Statutory auditors</b>	RSM UK Audit LLP for OTAQ GL Haysmacintyre LLP for the Company																																																							

2.2 What is the key financial information regarding the issuer?

<b>Selected historical key financial information</b>	<p>Summary financial information for the Existing OTAQ Group for the three years ended 31 March 2019 and the six months ended 30 September 2019 as set out below has been extracted without material adjustment from the audited historical financial information set out in Section B of Part 9 and the unaudited interim financial information set out in Part 11 respectively and should be read in conjunction with the full text of this document. Investors should not rely on the summarised information set out below.</p> <p>Except for the possible effects of the matter described in the basis for qualified opinion in the Accountant’s Reports of OTAQ Connectors Limited (as set out in sections C and D of Part 9 and OTAQ Offshore Limited (as set out in Sections E and F of Part 9), the historical financial information of OTAQ Connectors Limited and OTAQ Offshore Limited gives, for the purposes of the Prospectus, a true and fair view of the state of affairs as at the dates stated and of the results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.</p>
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Table 1

## Statement of Comprehensive Income

	Audited Year to 31 March 2019 £000	Audited Year to 31 March 2018 £000	Audited Year to 31 March 2017 £000	Unaudited Six months to 30 Sep 2019 £000	Unaudited Six months to 30 Sep 2018 £000
Total revenue	1,577	919	374	1,757	653
Operating loss	(343)	(519)	(642)	(46)	(234)
Loss for the period and total comprehensive loss for the period	(369)	(493)	(657)	(137)	(256)
EBITDA	50	(361)	(553)	315	(81)

Table 2

## Balance sheet

	Audited At 31 March 2019 £000	Audited At 31 March 2018 £000	Audited At 31 March 2017 £000	Unaudited At 30 Sep 2019 £000
Total assets	4,460	1,793	733	6,166
Total equity	2,297	648	306	3,314

Table 3

## Cash flow statement

	Audited Year to 31 March 2019 £000	Audited Year to 31 March 2018 £000	Audited Year to 31 March 2017 £000	Unaudited Six months to 30 Sep 2019 £000	Unaudited Six months to 30 Sep 2018 £000
Net cash in/(out) flows	67	207	84	784	953

## 2.3 What are the key risks that are specific to the issuer?

<b>Brief description of the most material risk factors specific to the issuer contained in the Prospectus</b>	<p>The markets for the Existing OTAQ Group's products, including Sealfence, are competitive. The Existing OTAQ Group has competitors in all the markets in which it operates, many of which have greater financial, marketing and other resources than the Enlarged Group. Whilst, alternative competing technologies to the Existing OTAQ Group's technology (including Sealfence) exist and are in use today, further products could emerge which might reduce the market opportunity for the products offered by or planned to be offered by the Enlarged Group.</p> <p>The Enlarged Group's products operate in physically harsh environments and competitive markets. There are risks that the Enlarged Group's existing and any new products do not meet the specification required by customers and/or cannot be supplied profitably by the Enlarged Group.</p> <p>The Company believes, and independent studies have shown, that the operation of the Enlarged Group's products present a negligible risk of harming either predators or nearby marine mammals. However, there is a risk that misinformation about possible adverse effects of ADDs may slow the growth of the Enlarged Group's business by either causing customers to avoid using ADDs due to consumer pressure or increasing regulation in the sector.</p> <p>The Enlarged Group's business model for certain products is rental terms varying between 12-48 months. Unless these contracts are renewed on expiry, the Enlarged Group could suffer an eventual a reduction in revenue.</p> <p>In the aquaculture market, the Existing OTAQ Group's products and its customers are subject to a high degree of regulation that extends beyond the territories in which the Existing OTAQ Group and its customers are based. Any changes which are made in tariffs, quotas, taxes, legislation or regulations which affect or relate to the Existing OTAQ Group's products and trading arrangements between the Enlarged Group and its customers or the sale of products by its customers into their end markets could have an adverse effect on the business including profitability and growth of the Enlarged Group. As an example of this, the regulatory position relating to use of ADDs in Chile is currently being assessed. OTAQ GL is working with Subpesca (Undersecretariat of Fisheries and Aquaculture – Government of Chile) ("Subpesca") the Chilean regulator for fisheries and aquaculture, in assisting it in understanding the risk of ADD use to predators and marine mammals in the vicinity of fish farms. Whilst the Enlarged Group is confident in the safety of its Sealfence</p>
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	<p>products, the Company considers that working with Subpesca in assisting it to understand the position is helpful. However, if the Chilean regulator ultimately does not accept the Company's position and bans or restricts use of the Sealfence product in Chile, this could have a serious detrimental effect on the Enlarged Group's expansion plans in Chile.</p> <p>There has been civil unrest in Chile in 2019 which has had an impact on the Existing OTAQ Group's expansion plans in Chile in the current financial year. The position in Chile now appears to be stable and the Existing OTAQ Group continues to make progress in Chile. If there is a material deterioration in the political environment in Chile that results in a sustained period of civil unrest this may have an adverse effect on the growth prospects of the Enlarged Group.</p> <p>The Enlarged Group is exposed to the effect of currency fluctuations. Supply of its products and components occurs outside the UK and its revenues from customers arise not only in the UK but in Chile, and other countries. The Enlarged Group will seek to mitigate such exposures where appropriate but this may not be feasible in all circumstances.</p> <p>The aquaculture market is, by its nature, specialised and limited and the growth plans for the aquaculture business over the next two years are dependent upon winning new contracts from a limited number of large aquaculture companies in the UK and Chile. Accordingly, the Enlarged Group plans to expand the use of its existing products into new geographic markets and to develop new products for sale to its existing customers but there can be no assurance that the Group will be able to expand its business as planned or that the expanded business will be profitable.</p> <p>The Enlarged Group is reliant on its IT systems for the provision of information regarding most aspects of its financial and operational performance, including sales and stock information. The failure of these IT systems would severely restrict the ability of the Enlarged Group to continue to operate at its current performance levels.</p> <p>The Existing OTAQ Group is dependent and the Enlarged Group will be dependent on a limited number of senior managers and accordingly attracting, retaining and motivating suitable, high-calibre personnel is critical to the long-term success of the Enlarged Group's business.</p> <p>The Existing OTAQ Group operates primarily in Scotland and Chile. Its operations may be disrupted by the Coronavirus (COVID-19) in so far as travel restrictions may be put in place that would prevent the installation of new Sealfence units and the maintenance of existing Sealfence units. The Enlarged Group is dependent upon two suppliers for the assembly and manufacture of its aquaculture products. Both of these manufacturers are outside the UK. In light of this and more generally, the Existing OTAQ Group, its customers and suppliers are dependent on international supply chains. If the Coronavirus results in severe disruption to international trade then the Existing OTAQ Group will be impacted potentially with a material impact on its supply chain, sales, profits and cashflows although it is at this point it is not possible to quantify that impact.</p>
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### 3. KEY INFORMATION ON THE SECURITIES

#### 3.1 What are the main features of the securities?

<b>Type, class and ISIN</b>	The securities being offered in the Placing are Ordinary Shares in the capital of the Company. Applications will be made for the Ordinary Shares to be admitted to the Official List of the FCA with a Standard Listing and to trading on the London Stock Exchange's Main Market. The Ordinary Shares are registered with ISIN GB00BK6JQ137
<b>Currency, denomination, par value, number of securities issues and the term of the securities</b>	<p>U.K. Pounds Sterling with a nominal value of 3 pence each.</p> <p>32,000,001 Ordinary Shares have been issued at the date of this Prospectus (the "Existing Ordinary Shares"), all of which have been fully paid up. The term of the securities is perpetual. Following passing of the Resolutions, the Existing Ordinary Shares will be consolidated on a five-for-one basis into 6,400,001 Ordinary Shares of 15p each.</p>
<b>Rights attached to the securities</b>	<p>Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each Shareholder present in person or by proxy will have one vote for each Ordinary Share held by such Shareholder.</p> <p>In the case of joint holders of an Ordinary Share, if two or more persons hold an Ordinary Share jointly, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.</p> <p>Pursuant to the Resolutions, pre-emption rights will be disapplied in respect of the issue of the New Ordinary Shares, the Warrant Shares, the shares to satisfy the OTAQ Share Options and the Consideration Shares.</p> <p>Subject to the Companies Act, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, first to the holders of Ordinary Shares in an amount up to 3 pence per share in respect of each fully paid up Ordinary Share (of 15 pence per share following Admission). If, following these distributions to holders of Ordinary Shares there are any</p>

	assets of the Company still available, they shall be distributed to the holders of Ordinary Shares <i>pro rata</i> to the number of such fully paid up Ordinary Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares.
<b>Relative seniority of the securities in the issuer's capital structure in the event of insolvency</b>	Not applicable. The Company does not have any other securities in issue or liens over its assets and so the Ordinary Shares are not subordinated in the Company's capital structure as at the date of this Prospectus and will not be immediately following Admission.
<b>Restrictions on the free transferability</b>	<p>Not applicable. The Ordinary Shares are freely transferable and tradeable and there are no restrictions on transfer, save for a requirement not to transfer for a period from Admission until the earlier of 150 days after Admission and the publication of the Company's preliminary results for this period to 31 March 2020 (further details of which are set out in paragraph 12.12 of Part 14 of this Document). More onerous lock in arrangements apply to the Board of the Company following Admission.</p> <p>Each Shareholder may transfer all or any of their Ordinary Shares which are in certified form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each Shareholder may transfer all or any of their Ordinary Shares which are in uncertified form by means of a 'relevant system' (i.e. the CREST System) in such manner provided for, and subject as provided in, the Uncertified Securities Regulations 2001 (<i>SI 2001 No. 3755</i>) (the "<b>Regulations</b>").</p>
<b>Dividend or pay-out policy</b>	The Directors do not intend that the Company will declare a dividend in the near term, but instead apply the available cash resources of the Enlarged Group into funding its expansion. Thereafter, the Board intends to commence the payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of distributable profits and the funds required to finance continuing future growth.

### 3.2 Where will the securities be traded?

<b>Application for admission to trading</b>	The Existing Ordinary Shares are currently (and it is expected that the New Ordinary Shares will be) admitted to the standard segment of the Official List and to trading on the Main Market. As the Acquisition constitutes a Reverse Takeover, upon Completion, the listing of the Ordinary Shares on the standard segment of the Official List will be cancelled. Further applications will be made to the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares (at such time comprising the Existing Ordinary Shares and the New Ordinary Shares) to be re-admitted to the standard segment of the Official List. Completion of the Acquisition and the Placing will both be subject to Admission occurring. Completion will become effective at Admission which is currently expected to take place at 8 a.m. on 31 March 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).
<b>Identity of other markets where the securities are to be traded</b>	Not applicable. There is currently no other market for the Ordinary Shares and the Company does not intend to seek admission to trading of the Ordinary Shares on any market other than the Main Market of the London Stock Exchange.

### 3.3 What are the key risks that are specific to the securities?

<b>Brief description of the most material risk factors to the securities contained in the Prospectus</b>	<p>Following Admission, the market in the Ordinary Shares is likely to be illiquid given the size of the Enlarged Group, the limited number of shares and shareholders. As such, it may be difficult for shareholders to easily realise their investment. As a result of such volatility, Shareholders may experience a negative or no return on monies invested in the Company.</p> <p>A suspension or cancellation of the Ordinary Shares, as a result of the FCA determining that there is insufficient information in the market about an acquisition or a target, would materially reduce liquidity in such shares which may affect an investor's ability to realise some or all of its investment and/or the price at which such investor can effect such realisation. In the event of such suspension or cancellation, the value of the investors' shareholdings may be materially reduced.</p> <p>The Company is applying for a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules. As a result, the Shareholders will be afforded a lower level of regulatory protection than that afforded to investors of a company with a Premium Listing. For example, the Company will not be appointing a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The application of the Listing Rules regarding significant transactions and related party transactions (which requires shareholder approval if a company has a Premium Listing) will not apply to the Company. In addition, the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.</p> <p>Following Admission, the Company may need to raise additional funds if the Existing OTAQ Group is not sufficiently cash generative and/or to make further equity capital raisings in order to complete any acquisition or to develop the business so acquired. If the Company does offer its Ordinary Shares whether to raise additional funds or as consideration in making acquisitions, depending on the number of Ordinary Shares at the time, the issuance of such Ordinary Shares could materially reduce the percentage ownership represented by the holders of Ordinary Shares in the Company and also dilute the value of Ordinary Shares held by such Shareholders at the time.</p>
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#### 4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

##### 4.1 Under which conditions and timetable can I invest in this security?

<b>General terms and conditions</b>	<p>The Company will issue 2,608,694 Placing Shares through the Placing at the Placing Price of 57.5 pence per Placing Share. The Placing is not being underwritten.</p> <p>The net proceeds of the Placing, after deduction of expenses, will be approximately £0.5m on the basis that the gross proceeds of the Placing are approximately £1.5m.</p> <p>The total expenses of the Acquisition, including the Placing and the preparation of this document are estimated to be approximately £1m (exclusive of VAT).</p> <p>The Company, the Directors, Proposed Directors, Jagjit Mundi and Dowgate have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, Dowgate has agreed to use its reasonable endeavours to procure subscribers for 2,608,694 Placing Shares to be issued by the Company. The Placing Shares subscribed for in the Placing at the Placing Price will represent approximately 8.5% of the Enlarged Issued Share Capital.</p> <p>The Placing is conditional on:</p> <ol style="list-style-type: none"> <li>the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission;</li> <li>the OTAQ Purchase Agreements becoming unconditional (save as to Admission) and not having been terminated in accordance with their terms prior to admission;</li> <li>the passing of the Resolutions (including the Transaction Resolutions) at the General Meeting; and</li> <li>Admission occurring by 8am on 31 March 2020 (or such later date as the Company and Dowgate may agree).</li> </ol> <p>The Placing Shares, the Consideration Shares will, upon issue, rank <i>pari passu</i> with the Existing Ordinary Shares. If Admission does not proceed, the Acquisition will not proceed, the Placing will not proceed, and all monies paid will be refunded to applicants in the Placing.</p>	
<b>Expected timetable of the offer</b>	Publication of this Prospectus	24 March 2020
	Admission and commencement of dealings in Existing Ordinary Shares and New Ordinary Shares	8am on 31 March 2020
	CREST members' accounts credited in respect of Placing Shares	31 March 2020
	<i>All references to time in this Prospectus are to London time (GMT), unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.</i>	
<b>Details of admission to trading on a regulated market</b>	Application will be made for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence at 8 am on 31 March 2020.	
<b>Plan for distribution</b>	The Ordinary Shares which are the subject of this Prospectus will be offered by Dowgate exclusively to Qualified Investors. There will be no offer to the public of the Ordinary Shares and no intermediaries offer.	
<b>Amount and percentage of immediate dilution resulting from the offer</b>	Shareholdings immediately prior to Admission will be diluted by approximately 400% as a result of New Ordinary Shares issued pursuant to the Placing and the Acquisition.	
<b>Estimate of total expenses of the issue and/or offer</b>	<p>The expenses of the Placing will be borne by the Company in full and no expenses will be charged to any investor by the Company, which are estimated to be approximately £1m (exclusive of VAT).</p> <p>The total expenses (including commission and expenses payable under the Placing Agreement, registration, listing, admission fees, stamp duty, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed approximately £1m excluding VAT representing approximately 67% of the gross proceeds of the Placing of approximately £1.5m.</p> <p>The total Net Placing Proceeds on this basis are approximately £0.5m.</p>	



4.2 Why is this Prospectus being produced?

<p><b>Reasons for the offer or for the admission to trading on a regulated market</b></p>	<p>The Company is making the Acquisition, which constitutes a Reverse Takeover, and therefore requires the publication of this Document. At the same time, the Company is conducting the Placing to raise funds to fulfil its objectives and strategy. The Company is seeking admission to trading on a regulated market to provide liquidity to its Shareholders.</p> <p>The Enlarged Group's intention is to grow through a combination of organic growth and, where possible, selective acquisitions. The business model of supplying aquaculture equipment on long-term rental contracts requires the Enlarged Group to fund the initial cost of manufacture and installation of the equipment which requires capital investment.</p>
<p><b>Use and estimated net amount of the proceeds</b></p>	<p>The placing proceeds of £1.5m million together with the cash held by the Company at 30 June 2019 of £2.841 million will be used to:</p> <ul style="list-style-type: none"> <li>a) repay the shareholder loans of £0.460 million together with accrued interest (£0.077 million up to 31 March 2020);</li> <li>b) fund the planned investment in fixed assets of approximately £1.5 million over the two years to 31 March 2022, primarily on new Sealfence units to be supplied to customers on rental contracts;</li> <li>c) fund the estimated £0.75 million spend on the development of new aquaculture products;</li> <li>d) pay the costs of the Acquisition, the preparation of this Document and the Placing of approximately £1 million; and</li> <li>e) enable the Company to pursue acquisitions that will expand its geographic reach or the range of products and services that it is able to offer.</li> </ul>
<p><b>Indication of whether the offer is subject to an underwriting agreement</b></p>	<p>The Placing is not being underwritten. Dowgate, as the Company's agent, has procured irrevocable commitments to subscribe for the full amount of Placing Shares from subscribers in the Placing, and there are no conditions attached to such irrevocable commitments other than Admission.</p>
<p><b>Indication of the most material conflicts of interests relating to the offer or admission to trading</b></p>	<p>Not applicable.</p>

## PART 2

### RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Prospective investors should note that the risks relating to the Enlarged Group, its markets and the Ordinary Shares summarised in Part 1 – (Summary) of this Document are the risks which the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Enlarged Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part 1 – (Summary) but also the risks set out below, together with all other information contained in this Document. Some of these risk factors apply to the conduct of business generally in the markets in which the Enlarged Group operates, whilst others are specific to the Enlarged Group. The categories below are not set out in any order of priority.*

*Additional risks and uncertainties currently unknown to the Company, or that it currently believes to be immaterial for taking investment decisions, may also have an adverse (or materially adverse) effect on the Enlarged Group's business. If any combination of the following risk factors materialise, the Enlarged Group's business, financial condition and/or operational performance could be materially adversely affected. In such case, the trading price of the Ordinary Shares may decline and potential investors may lose all or part of their investment. An investment in Ordinary Shares is only suitable for investors capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment. Accordingly, prospective investors are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Document and their personal circumstances.*

#### 1. RISKS RELATING TO THE MARKETS IN WHICH THE ENLARGED GROUP OPERATES

*The products produced by the Enlarged Group may become obsolete or uncompetitive*

- 1.1 The markets for the Existing OTAQ Group's products, including Sealfence, are competitive. The Existing OTAQ Group has competitors in all the markets in which it operates, many of which have greater financial, marketing and other resources than the Enlarged Group. These competitors may adopt more aggressive pricing policies or undertake more extensive marketing campaigns. Actions by competitors may have a negative impact on sales volumes or profit margins achieved by the Enlarged Group in the future. The Enlarged Group may not be able to maintain or increase the price of its products due to competitive pressures in the market.
- 1.2 The Enlarged Group would face an increase in competition if existing competitors expanded or if there were new entrants in the markets in which it operates or plans to operate. In order to continue to grow, the Enlarged Group intends to improve its existing range of products and develop new products. The Enlarged Group's products operate in physically harsh environments and competitive markets. There are risks that the Enlarged Group's new products do not meet the specification required by customers and/or cannot be supplied profitably by the Enlarged Group.
- 1.3 In addition, alternative competing technologies to the Existing OTAQ Group's technology (including Sealfence) exist and are in use today. Further products could emerge which might reduce the market opportunity for the products offered by or planned to be offered by the Enlarged Group.

*Concerns about Environmental impact of the Enlarged Group's products may negatively affect the business of the Enlarged Group*

- 1.4 There has been some recent limited negative media attention on the impact of acoustic deterrent devices ("ADDs") on seals and other marine animals. The Company believes, and independent studies have shown, that the operation of the Enlarged Group's products present a negligible risk of harming either predators or nearby marine mammals. However, there is a risk that misinformation about possible adverse effects of ADDs may slow the growth of the Enlarged Group's business by either causing customers to avoid using ADDs due to consumer pressure or increasing regulation in the sector.

- 1.5 There are at present three jurisdictions in which the Existing OTAQ Group currently operates where licenses are required by the Existing OTAQ Group for the sale or rental of their products. However, in some jurisdictions, whilst it is not a requirement for the Existing OTAQ Group's products to be licensed, the operator of the products (the fish farmers) must obtain a licence an aspect of which could include use of ADDs. The Existing OTAQ Group has made extensive efforts to collaborate where possible with environmental agencies and governmental bodies to ensure, where possible, that its views on ADDs are represented when new regulations and guidelines are being adopted.
- 1.6 There is no guarantee that the current regulatory regime in the UK or elsewhere in respect of ADDs will continue. In addition, in some jurisdictions such as the West Coast of Canada, the use of ADDs in fish farms is not permitted. Changes in legislation or regulation, particularly as it relates to the Enlarged Group's aquaculture products, could adversely affect the Enlarged Group's profitability and growth prospects.

***There is currently civil and political unrest in Chile which will impact on the Enlarged Group's operations there***

- 1.7 There has been civil unrest in Chile in 2019 which has had an impact on the Existing OTAQ Group's expansion plans in Chile in the current financial year. The position in Chile now appears to be stable and the Existing OTAQ Group continues to make progress in Chile. If there is a material deterioration in the political environment in Chile that results in a sustained period of civil unrest this may have an adverse effect on the growth prospects of the Enlarged Group.

***The Enlarged Group's performance could be adversely affected by poor economic conditions***

- 1.8 The Existing OTAQ Group derives most of its aquaculture revenues and profits from salmon farming companies in Scotland and is therefore sensitive to fluctuations in the demand for and the price of Scottish salmon. The other major market in which the Enlarged Group will operate is offshore oil and gas where levels of activity are sensitive to the prices of oil and gas which are global commodities. The Enlarged Group's performance depends to a certain extent on a number of factors outside of the control of the Enlarged Group which impact on, among other things, consumer spending, political and economic conditions, gross domestic product growth, unemployment rate, consumer confidence, credit conditions, interest rates, taxation, regulatory changes, oil prices and terrorist attacks. Each of these factors or a combination of them could have an adverse effect on the financial performance of the Enlarged Group.

***Changes in legislation and regulation in relation to trading may impact the Enlarged Group's trading prospects***

- 1.9 In the aquaculture market the Existing OTAQ Group's products and its customers are subject to a high degree of regulation that extends beyond the territories in which the Existing OTAQ Group and its customers are based. Any changes which are made in tariffs, quotas, taxes, legislation or regulations which affect or relate to trading arrangements between the Enlarged Group and its customers or the sale of products by its customers into their end markets could have an adverse effect on the business of the Enlarged Group.

For example, new regulations in the USA adopted pursuant to the US Marine Mammal Protection Act 1971 have placed restrictions on the import of salmon into the USA from fisheries which intentionally kill or cause serious injury to marine mammals. The Existing OTAQ Group does not consider that these regulations will prohibit or have any effect on fish farms which use ADDs, However, similar regulations in a particular jurisdiction which are aimed at Salmon farmed using ADDs could lead to decreased use of the Enlarged Group's products.

Changes in legislation or regulation, particularly as it relates to the Enlarged Group's aquaculture products, could adversely affect the Enlarged Group's profitability and growth prospects. The Company is aware that the regulatory position relating to use of ADDs in Chile is currently being assessed. OTAQ GL is working with Subpesca (Undersecretariat of Fisheries and Aquaculture – Government of Chile) (“Subpesca”) the Chilean regulator for fisheries and aquaculture, in assisting them in understanding the risk of ADD use to predators and marine mammals in the vicinity of fish farms. Whilst the Enlarged Group is confident in the safety of its Sealfence products, the Company considers that working with Subpesca in assisting them to understand the position is helpful. However, if the

Chilean regulator ultimately does not accept the Company's position and bans or restricts use of the Sealfence product in Chile, this could have a serious detrimental effect on the Company's expansion plans in Chile.

#### ***Brexit and Scottish Independence***

- 1.10 The Existing OTAQ Group imports most of the components used in its products from Asia and limited amounts from countries inside the European Union. There are alternative suppliers for components sourced from the European Union.

A substantial proportion of the Existing OTAQ Group's sales of aquaculture products and offshore oil and gas products are sold in Scotland. In addition, OTAQ Offshore is based in Aberdeen. There is a risk of a further Scottish independence referendum that results in Scotland becoming an independent country. Depending on what arrangements were to be put in place relating to trade between Scotland and the rest of what is currently the United Kingdom there could be a material adverse impact upon the Enlarged Group's revenues, profits, financial condition and prospects.

#### ***COVID-19***

- 1.11 The Existing OTAQ Group operates primarily in Scotland and Chile. Its operations may be disrupted by the Coronavirus (COVID-19) in so far as travel restrictions may be put in place that would prevent the installation of new Sealfence units and the maintenance of existing Sealfence units. The Enlarged Group is dependent upon two suppliers for the assembly and manufacture of its aquaculture products. Both of these manufacturers are outside the UK. In light of this and more generally, the Existing OTAQ Group, its customers and suppliers are dependent on international supply chains. If the Coronavirus results in severe disruption to international trade then the Existing OTAQ Group will be impacted potentially with a material impact on its supply chain, sales, profits and cashflows although it is at this point it is not possible to quantify that impact.

## **2. RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS**

### ***The planned expansion of the Enlarged Group's business may not be achieved***

- 2.1 The Enlarged Group plans to expand the use of its existing products into new geographic markets and to develop new products to offer to its existing customers but there can be no assurance that the Enlarged Group will be able to expand its business as planned or that the expanded business will be profitable. Whilst the Directors believe that they have identified new geographic markets and new products to enable the Enlarged Group to expand unforeseen factors could result in the failure to grow or to grow profitably which could adversely affect its future financial performance.

### ***The Enlarged Group is exposed to the risks associated with leased property***

- 2.2 The Company has made certain assumptions about future rent reviews in respect of the Enlarged Group's leasehold property. If rent reviews were to be agreed at rates materially higher than currently anticipated, there could be an adverse impact on the Enlarged Group's financial performance.
- 2.3 In addition, as all of the Enlarged Group's properties are leasehold or occupied under licence, there is a risk that the leases may not be renewed in due course. This would result in additional costs being incurred in selecting appropriate alternative premises and relocating to them and there is a risk that suitable alternative premises may not be available.

### ***Any failure or interruptions in the Enlarged Group's information technology systems could have a material adverse effect on the operations of the Enlarged Group***

- 2.4 The Existing OTAQ Group is reliant on its IT systems for the provision of information regarding most aspects of its financial and operational performance, including sales and stock information. Disaster recovery plans and contingency plans have been prepared by the Existing OTAQ Group but there can be no certainty that such plans will be effective in the event that they need to be activated. Suppliers of hardware and software systems are vetted to assess their ability to provide ongoing support and back up, but there is always a risk of interruption. The failure of these IT systems would severely restrict the ability of the Enlarged Group to continue to operate at its current performance levels. Each of these matters may have an adverse effect on the financial performance of the Enlarged Group.

*The Enlarged Group may need to incur indebtedness in the future to meet its working capital needs*

- 2.5 Following Admission, the Enlarged Group will have minimal debt and substantial cash balances. The Company is of the opinion that the working capital available to the Enlarged Group, taking into account the Net Placing Proceeds, is sufficient for the Enlarged Group's present requirements. In the medium-term, the Enlarged Group may seek to borrow from banks or obtain other financial products. The Enlarged Group's ability to generate sufficient cash flow to make scheduled payments on any such debt will depend on future financial performance. A failure by the Enlarged Group to meet such payments may result in a default event in respect of the outstanding debt.

**3. RISKS RELATING TO THE ENLARGED GROUP'S MANAGEMENT AND EMPLOYEES**

*The loss of key personnel could adversely affect the business of the Enlarged Group*

- 3.1 The Existing OTAQ Group is dependent and the Enlarged Group will be dependent on a very limited number of senior managers. The departure from the Enlarged Group of any of the executive or certain senior employees could, in have an adverse effect on the Enlarged Group's business. Whilst the Enlarged Group has entered into service agreements with each of these people, the retention of their services cannot be guaranteed.

*The Enlarged Group may be unable to attract and retain key personnel*

- 3.2 Attracting, retaining and motivating suitable, high-calibre personnel is critical to the long-term success of the Enlarged Group's business. The Enlarged Group aims to provide remuneration packages and working conditions that will attract and retain personnel of the required calibre. The Enlarged Group's businesses are dependent on recruiting and retaining staff with the necessary technical qualifications and experience to develop, improve and market its products.

**4. RISKS RELATING TO THE CUSTOMERS OF THE ENLARGED GROUP**

*The Existing OTAQ Group is dependent on a small number of key customers*

- 4.1 The Enlarged Group's aquaculture businesses are materially dependent upon the performance of a limited number of key customers who exercise significant buying power and influence. The two largest Existing OTAQ Group aquaculture customers accounted for 72 per cent of Existing OTAQ Group turnover in the financial year ended 31 March 2019 and 44 per cent in the six months to 30 September 2019.
- 4.2 The growth plans for the aquaculture business over the next three years are dependent upon winning new contracts from a limited number of large aquaculture companies in the UK and Chile. Accordingly, there may be a material impact on the business of the Enlarged Group if an existing customer was to cease using the Enlarged Group's products or a potential new customer were to refuse to use those products.
- 4.3 The Enlarged Group business model for certain products is a rental one for terms varying between 12-48 months. Unless they are renewed, the Company could suffer a reduction in revenue.
- 4.4 The Enlarged Group is dependent on the successful development of new products and new markets in order to meet its growth plans.
- 4.5 The Enlarged Group is exposed to currency fluctuations in relation to revenue arising from certain countries outside the UK, for example Chile. The Enlarged Group will seek to mitigate such exposure where appropriate, but this may not be feasible in all circumstances.

**5. RISKS RELATING TO THE SUPPLY CHAIN OF THE ENLARGED GROUP'S PRODUCTS**

*The Existing OTAQ Group is currently dependent on a sole supplier to obtain components for a key product*

- 5.1 The Enlarged Group has, historically, been dependent on one supplier for the assembly and manufacture of the aquaculture products which it has designed. In October 2019 the Existing OTAQ Group put in place a second supplier so that it has alternative sources of supply.
- 5.2 Any breakdown or change in the Enlarged Group's relationships with suppliers or any supplier declining to sell products to the Enlarged Group for any reason or any supplier having financial difficulties or going out of business and therefore not satisfying orders or product liability claims could, in each case have an adverse effect on the Enlarged Group's business.

***The Existing OTAQ Group sources most of its components for its products from outside the UK and EU so is affected by currency movements, transportation costs, ethical supply chain issues and any new trade barriers***

- 5.3 The Existing OTAQ Group sources most of the components in the products it supplies from outside the UK and the European Union either directly or through United Kingdom based suppliers and hence:
- 5.3.1 the Existing OTAQ Group purchases most of its products in pounds sterling and historically has not been materially impacted by foreign exchange fluctuations. Although purchases are in pounds sterling, the Company is still indirectly the subject of risks related to international trade including foreign exchange fluctuations which suppliers may seek to pass on to the Existing OTAQ Group; In particular, the Existing OTAQ Group's main supplier, First Millennium, sources components in US Dollars, Euros, Pounds Sterling and Japanese Yen and accordingly, currency movements in respect of each of these are of particular note to the Company.
- 5.3.2 products supplied by or components purchased by the Existing OTAQ Group are transported by a variety of means and any material changes in freight rates or any material transportation disruptions could have a serious effect on the financial performance of the Enlarged Group;
- 5.3.3 the Existing OTAQ Group does not currently operate an ethical policy with its component suppliers regarding products that are supplied to it or monitor the manufacturing and other practices and facilities of its component suppliers. Accordingly, there are risks associated with a lack of such a policy and any disruption to the business and its financial performance which could be caused by any ethical issues arising from the activities of any component supplier; and
- 5.3.4 there are potential political risks, such as the imposition of tariffs, trade barriers or sanctions relating to both countries which supply the Enlarged Group with components and/or countries into which the Enlarged Group supplies products which, if they occur, could in each case adversely affect the Enlarged Group's financial performance.

***Suppliers may not meet quality standards and specifications***

- 5.4 The Existing OTAQ Group requires its suppliers to satisfy certain standards regarding the quality and specification of its products. However, in the event of a product recall being required in circumstances where the financial consequences are not borne by a supplier, it may have a material effect on the financial performance of the Enlarged Group.
- 5.5 In turn, the Enlarged Group may be involved in product liability claims or product recalls and could be negatively affected if its customers or regulators lose confidence in the safety and quality of its products.

## **6. RISKS RELATING TO THE ORDINARY SHARES**

***Ordinary Shares may not be a suitable investment***

- 6.1 The Ordinary Shares may not be a suitable investment for all the recipients of this Document. Before making a final decision, investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of the Ordinary Shares and the income received from them can go down as well as up and investors may get back less than their original investment.

***There may be no or very limited public trading market for the Ordinary Shares, notwithstanding the Enlarged Group's intention to be admitted to trading on the Main Market of the London Stock Exchange. A market for the Ordinary Shares may not develop which would adversely affect the liquidity and price of the Ordinary Shares.***

- 6.2 Prior to the date of this Document there has been very limited public trading market for the Ordinary Shares. The Placing Price may not be indicative of the market price of the Existing Ordinary Shares or the New Ordinary Shares following Admission.

Although the Company has applied to the Financial Conduct Authority for Admission of its Existing Ordinary Shares and the New Ordinary Shares to the Official List and has applied to the London Stock Exchange for Admission of the Ordinary Shares to trading on the London Stock Exchange's Main Market for listed securities, there is no assurance that an active trading market for the Ordinary

Shares will develop or, if developed, will be sustained following Admission. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. Even if an active trading market develops, the market price of the Existing Ordinary Share or the New Ordinary Shares may fall below the Placing Price. As a result of fluctuations in the market price of an Ordinary Share, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all.

***The price of Ordinary Shares may fluctuate***

- 6.3 Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part, as well as stock market fluctuations and general economic conditions or changes in political sentiment or changes in environmental impact sentiment, that may adversely affect the market price of the Ordinary Shares regardless of the Company's actual performance or condition in its key markets.

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control. These may, without limitation, include variations in operating results in the Enlarged Group's reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Enlarged Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; additions or departures of key personnel; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

***Ordinary Shares eligible for future sale may have an effect on the market price***

- 6.4 The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial amounts of Ordinary Shares in the public market following Admission, or the perception that such sales could occur, could adversely affect the market price of Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate.

***Possible unavailability of pre-emption rights for United States holders of Ordinary Shares***

- 6.5 In the case of certain increases in the Company's issued share capital, holders of Ordinary Shares have the benefit of statutory pre-emption rights to subscribe for such shares, unless shareholders waive such rights by a resolution passed at a shareholders' meeting, or in certain other circumstances as stated in the Articles. United States holders of shares are very likely to be excluded from exercising any such pre-emption rights they may have, unless a registration statement under United States legislation is effective with respect to those rights, or an exemption from the registration requirements under that legislation is available. The Company is unlikely to file any such registration statement, and the Company cannot assure prospective investors that any exemption from those registration requirements would be available to enable United States or other overseas shareholders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

***Effect of exchange rate fluctuations***

- 6.6 The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms and any appreciation of pounds sterling will increase the value in foreign currency terms. In particular, the Existing OTAQ Group's main supplier, First Millennium, sources components in US Dollars, Euros, Pounds Sterling and Japanese Yen and accordingly, currency movements in respect of each of these are of particular note to the Enlarged Group.

## 7. RISKS RELATING TO TAXATION

### *Taxation of returns from assets located outside of the UK may reduce any net return to investors*

- 7.1 To the extent that the assets, company or business which the Company acquires is or are established outside the UK, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by investors from a shareholding in the Company.

### *Changes in tax law and practice may reduce any net returns for investors*

- 7.2 The tax treatment of Shareholders of the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices in England and Wales and Scotland or any other relevant jurisdiction. Any change may reduce any net return derived by investors from a shareholding in the Company.
- 7.3 Investors should not rely on the general guide to taxation set out in this Document and should seek their own specialist advice. The tax rates referred to in this Document are those currently applicable and they are subject to change.

### *There can be no assurance that the Company will be able to make returns to Shareholders in a tax-efficient manner*

- 7.4 It is intended that the Company will structure the Enlarged Group, including any company or business acquired, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

## 8. OTHER RISKS

### *Forward-looking statements*

- 8.1 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", "anticipates", "targets", "aims", "continues", "projects", "assumes", "expects", "intends", "may", "will", "would" or "should", or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the Enlarged Group's intentions, beliefs or current expectations concerning, among other things, the Enlarged Group's results of operations, financial condition, liquidity, prospects, growth strategies and the industries in which the Enlarged Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position of the Enlarged Group, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this Document. Forward-looking statements contained in this Document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.



### ***Operational risks***

- 8.2 Operational risks, which are inherent in all business activities, include those which mainly result from a potential breakdown in individual business units or the Enlarged Group's control of its human, physical and operating resources. The potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems or products supplied by the Enlarged Group, all fall within this category.

### ***Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable***

- 8.3 Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor, together with the number of New Ordinary Shares to be issued may contribute to both infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

### ***Compliance costs***

- 8.4 The costs to the Company of complying with the continuing obligations under the Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules will be financially significant due to the Company's relative size and these costs might prove financially onerous.
- 8.5 The Company's listing might be cancelled if the Company fails to comply with its continuing obligations under the Listing Rules.

## PART 3

### IMPORTANT INFORMATION

The distribution of this Prospectus and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

#### 1. GENERAL

- 1.1 No action has been or will be taken in any other jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any other country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.
- 1.2 This Document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA, and of the Prospectus Regulation. No arrangement has however been made with the competent authority in any other EEA Member States (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Prospectus may be prohibited in Restricted Jurisdictions and in countries other than those in relation to which notices are given below.

#### 2. WITHDRAWAL RIGHTS

- 2.1 In the event that the Company is required to publish any supplementary prospectus, applicants who have applied to subscribe for or purchase Placing Shares in the Placing will have at least two Business Days following the publication of the supplementary prospectus within which to withdraw their offer to acquire Placing Shares in the Placing in its entirety. If the application is not withdrawn within the stipulated period, any offer to apply for Placing Shares in the Placing will remain valid and binding. Details of how to withdraw an application will be made available if a supplementary prospectus is published. Any supplementary prospectus will be published in accordance with the Prospectus Regulation Rules (and notification thereof will be made to a Regulatory Information Service) but will not be distributed to investors individually. Any such supplementary prospectus will be published in printed form and available free of charge at the Company's registered office at 16 Great Queen Street, London WC2B 5DG and (subject to certain restrictions) on the Company's website at [www.hertsford-capital.com](http://www.hertsford-capital.com) until 14 days after Admission.

#### 3. FOR THE ATTENTION OF ALL INVESTORS

- 3.1 In deciding whether or not to invest in Ordinary Shares, prospective Placees should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Dowgate. Without prejudice to the Company's obligations under FSMA, the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the delivery of this Document, nor any suspicion made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information in this Document is correct as at any time after its date.

- 3.2 In making an investment decision, prospective investors must rely on their own examination of the Company, this Document and the terms of the Placing, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matter.
- 3.3 Prospective investors must rely upon their own representatives, including their own legal and financial advisers and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein.
- 3.4 An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives, financing and business strategies will be achieved.
- 3.5 It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.
- 3.6 This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association, which prospective investors should review. A summary of the Articles is set out in 5 of Part 14 (*Additional Information*) and a copy of the Articles is available for inspection at the Company's registered office, 16 Great Queen Street, London WC2B 5DG.

#### **4. INFORMATION TO DISTRIBUTORS**

- 4.1 Solely for the purposes of 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 Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Dowgate will only procure investors who will meet the criteria of professional clients and eligible counterparties.
- 4.2 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 Ordinary Shares.
- 4.3 Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

#### **5. SELLING RESTRICTIONS**

- 5.1 The distribution of this Document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into

whose possession this Document comes should inform themselves about and observe any restrictions on the distribution of this Document and the offer of Ordinary Shares contained in this Document. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

## **6. UNITED STATES**

- 6.1 The Ordinary Shares have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States.
- 6.2 The Ordinary Shares may not be taken up, offered, sold, resold, transferred, or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act. There will be no public offer in the United States.
- 6.3 The Company has not been and will not be registered under the US Investment Company Act pursuant to the exemption provided by Section 3 I (7) thereof, and Investors will not be entitled to the benefits of the US Investment Company Act.
- 6.4 The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or another US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this Document. Any representations to the contrary is a criminal offence in the United States.

## **7. EUROPEAN ECONOMIC AREA**

- 7.1 Pursuant to the Prospectus Regulation, an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in an EEA Member State in accordance with the Prospectus Regulation. For any other EEA Member State an offer to the public in that EEA Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Regulation, if they have been implemented in that EEA Member State:
  - 7.1.1 to any legal entity which is a Qualified Investor, within the meaning of Article 2 (e) of the Prospectus Regulation;
  - 7.1.2 to fewer than 150 natural or legal persons (other than Qualified Investors, within the meaning of Article 2 (e) of the Prospectus Regulation) in such EEA Member State subject to obtaining prior consent of the Company for any such offer; or
  - 7.1.3 in any other circumstances falling within Article 1(4) of the Prospectus Regulation,provided that no such offer of Ordinary Shares shall result in a requirement of for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed with Dowgate and the Company that it is a **“Qualified Investor”** within the meaning of Article 2 (e) of the Prospectus Regulation.
- 7.2 For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Ordinary Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares.
- 7.3 This Document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for Ordinary Shares in any EEA Member State in which such offer or invitation would be unlawful.

## 8. UNITED KINGDOM

- 8.1 This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.
- 8.2 This Document is being distributed only to and is directed at persons who (if they are in the EEA) will fall within one of the categories of persons set out above in the paragraph entitled ‘European Economic Area’. In addition, this Document is being distributed only to and is directed at persons in the UK who are (i) persons having professional experience in matters relating to investments falling within the definition of ‘investment professionals’ in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (the “**Order**”); or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise be lawful to distribute.

## 9. FORWARD LOOKING STATEMENTS

- 9.1 This Document includes statements that are, or may be deemed to be, ‘forward looking statements’. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms ‘targets’, ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, ‘should’, or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, *inter alia*: (i) the Company’s objective, financing and business strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual performance, results of operations, financial condition and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company’s actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.
- 9.2 Prospective investors should carefully review Part 2 (*Risk Factors*) of this Document for a discussion of additional factors that could cause the Enlarged Group’s actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing appearing under the heading ‘Forward-looking statements’ constitutes a qualification of the working capital statement set out in paragraph 22 of Part 14 (*Additional Information*) of this Document.
- 9.3 Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update, or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

## PART 4

### DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	Harry Abraham Hyman (to resign on Admission) Rodger David Sargent (to resign on Admission) Sarah Emily Gills (continuing) Alexander Robert Hambro (continuing)
<b>Proposed Directors</b>	Philip David Newby Simon Howard Walters George Watt
<b>Company Secretary</b>	Rodger David Sargent (to resign on Admission)
<b>Proposed Company Secretary</b>	Simon Howard Walters
<b>Registered office and directors' address</b>	c/o Fladgate LLP 16 Great Queen Street London WC2B 5DG
<b>Proposed registered and head office and directors' address</b>	8-3-4 Harpers Mill South Road White Cross Lancaster LA1 4XF
<b>Financial adviser and broker</b>	Dowgate Capital Limited 15 Fetter Lane London EC4A 1BW
<b>Auditors to the Company</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Financial Adviser to the Company</b>	EGR Broking 15-17 Eldon Street London EC2M 7LD
<b>Auditors to the Existing OTAQ Group</b>	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF
<b>Solicitors to the Existing OTAQ Group</b>	CMS Cameron McKenna Nabarro Olswang LLP 1 West Regent Street Glasgow G2 1AP
<b>Reporting accountants</b>	RSM Corporate Finance LLP 6 <sup>th</sup> Floor, 25 Farringdon Street London EC4A 4AB
<b>Solicitors to the Company</b>	Fladgate LLP 16 Great Queen Street London WC2B 5DG

<b>Solicitors to Dowgate</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Principal bankers to the Company</b>	Arbuthnot Latham & Co Limited Arbuthnot House 7 Wilson Street London EC2M 2SN
<b>Principal bankers to OTAQ Group Limited</b>	Barclays Bank plc 38 Fishergate Preston Lancashire PR1 2AD
<b>Registrars and receiving agents</b>	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU19 7DR

## PART 5

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Acquisition and Placing	10 March 2020
Posting of the Circular (which includes notice of the General Meeting) and the Form of Proxy	10 March 2020
Publication of this Document	24 March 2020
The General Meeting	27 March 2020
<b>Placing funds due from Placees applying for Ordinary Shares in CREST</b>	30 March 2020
Admission and commencement of dealings	8am 31 March 2020
<b>Ordinary Shares to be issued in uncertificated form credited to stock accounts in CREST</b>	31 March 2020
Ordinary Share certificates (for Placing Shares) despatched in week commencing	6 April 2020

Each of the times and dates in the above timetable is subject to change. All times are London times unless stated otherwise.



**PART 6**  
**PLACING STATISTICS**

Number of Existing Ordinary Shares in issue	32,000,001
Number of Ordinary Shares in issue immediately following the Consolidation	6,400,001
Number of Ordinary Shares of 15p each to be issued upon completion of the Acquisition	21,539,904
Issue Price of the Consideration Shares	57.5 pence
Number of Placing Shares	2,608,694
Placing Price	57.5 pence
Enlarged Ordinary Share Capital immediately on Admission	30,548,599
Consideration Shares as a percentage of the Enlarged Ordinary Share Capital immediately on Admission	70.51 per cent.
Placing Shares as a percentage of the Enlarged Ordinary Share Capital immediately on Admission	8.54 per cent.
Maximum number of Ordinary Shares of 15p each that may be issued upon the exercise of the Options	1,481,912
Maximum number of Ordinary Shares of 15p each that may be issued upon the exercise of the Warrants	320,000
Enlarged Ordinary Share Capital immediately after the issue of all Consideration Shares and upon the exercise of all Options and Warrants	32,350,511
Market Capitalisation of the Company at the Placing Price on Admission	c. £17.6 million
Estimated gross proceeds of the Placing	c. £1.5 million
Estimated proceeds of the Placing (net of expenses of the Acquisition and the Placing)	c. £0.5 million
New ISIN	GB00BK6JQ137

## PART 7

### INFORMATION ON THE ENLARGED GROUP

Unless otherwise stated, the financial information relating to the Enlarged Group included in this part of the Document has been extracted without material adjustment of this document from the Historical Financial Information in Part 8 of this Document, the Unaudited Proforma Financial Information in Part 10 and the Unaudited Interim Financial Information in Part 11 of this Document.

#### 1. INTRODUCTION

The principal activities of the Enlarged Group will be the design, development, provision and support of marine technology for use in the aquaculture industry and the offshore oil and gas industry. The core aquaculture products deter predator attacks on salmon farms and the Existing OTAQ Group has a number of other products in development designed to deal with specific operational challenges facing salmon farmers.

#### 2. VISION

The Enlarged Group's vision is to become the market leader in the design and provision of technology and data driven solutions and services to improve the effectiveness of the aquaculture industry, specifically the salmon farming industry. The Enlarged Group is also seeking to expand activities in the offshore oil and gas markets inside and outside of the UK particularly in relation to the sale of its underwater connectors.

#### 3. BUSINESS OVERVIEW

##### 3.1 Principal business activities

The Existing OTAQ Group supplies products to two industries:

- (a) aquaculture and in particular salmon farming, principally in Scotland and Chile; and
- (b) offshore oil and gas, predominantly in the North Sea but historically has included other geographies.

Salmon farms often operate in harsh and remote coastal environments, with salmon stocks in many locations frequently subject to attacks by predator animals, usually seals and sea lions.

Commercial salmon farming in Norway and Scotland started in the early 1970s and is now in 15 countries around the world. There has been significant investment and consolidation in the salmon farming industry over the past 10 years. The industry is now dominated by major multinationals with the largest salmon farmer globally being MOWI, a Norwegian company with annual revenues of €3.8 billion, EBIT of €925 million and 14,500 employees (Source: MOWI 2018 Annual Report and Accounts).

Sealfence, the current core aquaculture product that the Existing OTAQ Group supplies, principally through fixed term rental contracts, significantly improves yields for the salmon farming industry by using acoustic technology to reduce the frequency of predator attacks.

Through recent acquisitions, the Existing OTAQ Group now also has expertise in underwater cameras, laser measuring devices and high integrity electrical connectors currently used in the offshore oil & gas and other markets. The primary strategy behind these acquisitions was to secure additional technology and engineering expertise to develop further products and solutions to address some of the other issues the aquaculture industry faces.

The Existing OTAQ Group has a number of such products in the early stages of development including a plankton/algal bloom early detection system and an active biomass measurement system. The technology in respect of these products was demonstrated in August 2019 at AquaNor (the world's largest aquaculture trade show). However, it is not expected that commercial production of these technologies will be possible for at least two years.

Although the Existing OTAQ Group still makes a small number of aquaculture equipment sales, it restructured its business model during 2015 to focus primarily on supplying its equipment on fixed-term rental contracts with the Existing OTAQ Group responsible for installation, servicing and decommissioning.

The Existing OTAQ Group has aquaculture equipment operating in diverse geographical areas including Scotland, Chile, Scandinavia and Russia and is working with potential clients in Ireland, Australia and Canada.

### 3.2 Existing Operations

The Existing OTAQ Group is headquartered in Lancaster, England with additional locations in the UK in Aberdeen, Scotland and Ulverston, England. There is also an office in Puerto Montt in Chile.

#### Aquaculture

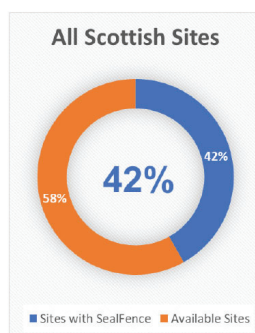
The first aquaculture product which the Existing OTAQ Group has marketed is Sealfence which was launched in 2013.

Sealfence is an ultrasonic deterrent system designed to deter seals and sea lions from marine fish farming sites. Since the first sale of a Sealfence system in 2013, the number of systems in operation has grown rapidly and at 31 December 2019, the Existing OTAQ Group had a base of 1,164 systems on long-term rental contracts (12 at 31 March 2015) and a further 72 systems have been sold in Russia and Finland.

Sealfence uses a unique ultrasonic soundwave delivered through a network of projectors placed around each farm. These projectors work together to create an acoustic “fence” of protection designed to eliminate or reduce significantly seal and sea lion attacks. This has a range of 40m from the location of the Sealfence device. Sealfence has, as standard, remote monitoring of the performance of the system that records the performance of the system and allows full control. The Existing OTAQ Group is continuously developing and upgrading the specification of the equipment.

Whilst the system contains advanced technology it has been designed to cope with permanent installation on the most exposed marine fish farms. Sealfence’s modular design means no cables run between cages and as a result installation and any necessary repair work is relatively simple. The Sealfence system runs for up to 40 hours on battery power.

OTAQ is a recognised brand in the aquaculture industry in Scotland where the Directors believe the Existing OTAQ Group is now the market leader with a market share of over 40% of existing active sites. Clients include major multinationals such as MOWI and The Scottish Salmon Company.



Source: management information from Existing OTAQ Group.

In Chile, the second-largest producer of farmed salmon in the world, the Existing OTAQ Group has had a presence since 2016. The Existing OTAQ Group has deployed systems with a number of major salmon farmers in Chile including Aquachile, Salmones Antartica, Blumar, Yadrán and Multiexport and expects significant growth in this market in the near future. The first multisite programme was launched in February 2019 and the second in October 2019.

The Directors believe that the Enlarged Group is well placed to become one of the global market leaders in predator deterrent products for the salmon farming industry.

#### Offshore Oil and Gas

OTAQ Connectors, was established in 1997 and is located in Ulverston in Cumbria. OTAQ Connectors has significant experience in the design and manufacture of underwater connector products mainly to the offshore oil and gas industry but also in the military, nuclear and marine sectors. OTAQ Connectors currently has 11 employees.

As well as standard connector products, OTAQ Connectors also has a wealth of experience building custom products for a range of customers and it offers hydrostatic pressure and gas-testing and cable-moulding and assembly of bespoke cable harnesses for a range of customers in the UK market. OTAQ Connectors sells its products outright and does not have a rental model.

OTAQ Offshore was established in 2007 and is located in Aberdeen. OTAQ Offshore designs leak detection, precision laser measurement, IP imaging cameras and custom engineering solutions that function under water in hostile environments. OTAQ Offshore’s products are well respected and its OceanSENSE leak and cement detection system is the global market leader in fluorescence-based underwater leak detection and has been used in over 1,000 offshore locations. OTAQ Offshore supplies cameras, laser measuring systems and leak detection equipment on short-term rental contracts and also makes outright sales of cameras.

### 3.3 Strategy and objectives

The strategy of the Enlarged Group is to build a business of significance within the aquaculture industry focussed on helping salmon farmers become more effective and helping them overcome challenges in their operations. Over time, the Enlarged Group intends to have a range of products designed to meet these needs that are based on a common infrastructure and a cloud-based information system. The strategy is to design, develop, install and support these products on an Infrastructure as a Service (‘IaaS’) basis on long-term rental contracts.

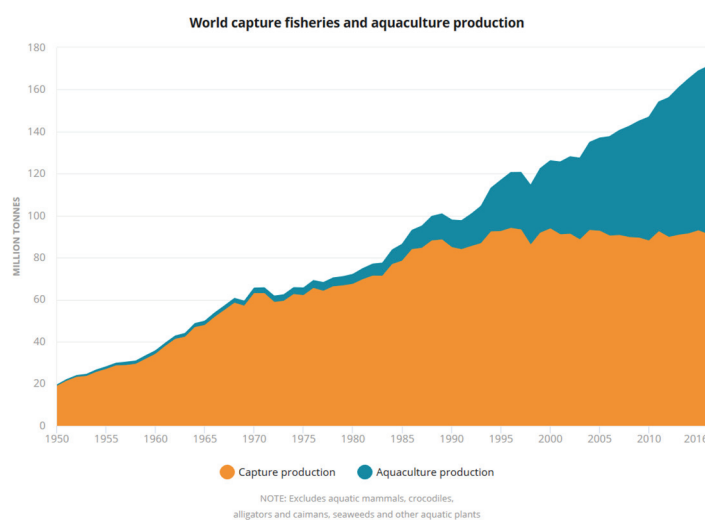
The Enlarged Group believes that being in control of all material aspects of its products is important to differentiate itself in the marketplace and develop innovative products. Using its heritage in sub-sea technology and engineering for the offshore oil and gas markets, the Existing OTAQ Group develops and continuously improves its products using its own mechanical, electronic and software engineers, all with decades of combined experience in bringing underwater technology products to market. The Existing OTAQ Group’s management team has many years of combined experience in aquaculture, marine and underwater technology products.

## 4. THE SALMON FARMING MARKET

### 4.1 Overview of aquaculture market

Finfish farming is a \$138.5billion industry (2018) and has been growing rapidly over the past 50 years as shown by Table 1 below:

Table 1:



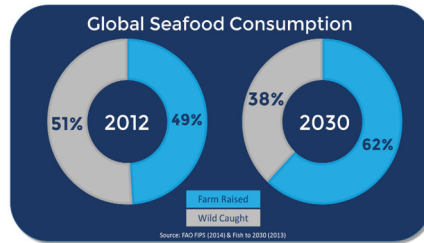
Source: United Nations FAO Report *The State of World Fisheries and Aquaculture 2018*

The aquaculture market is forecast to continue to grow and by 2030 to make up 62% of seafood consumption (Source: *Prospects for Fisheries and Aquaculture – World Bank Report Number 83177-GLB of December 2013*). Aquaculture produced approximately 80 million tonnes of seafood in 2016

(excluding plants) and is forecast to grow by 37% to approximately 109 million tonnes in 2030. Aquaculture is expected to continue to be one of the faster growing major food production sectors (Source: United Nations FAO Report: *The State of World Fisheries and Aquaculture 2018*).

Table 2 below shows the expected growth in global seafood consumption from 2012 to 2030 and how much of the demand is met by wild fish versus farmed fish.

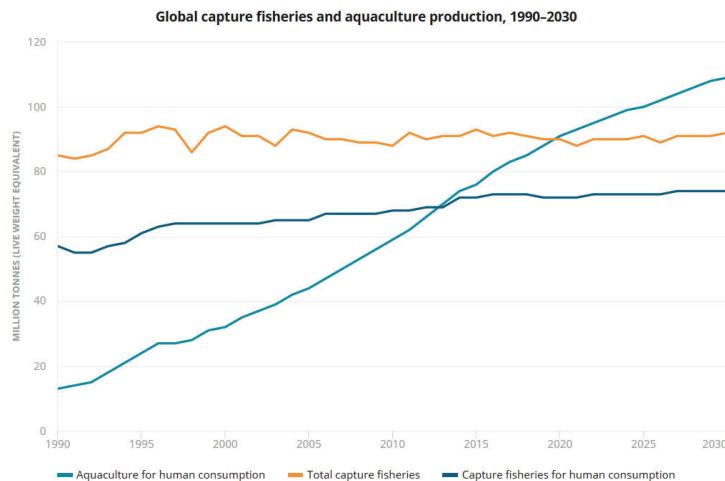
Table 2:



Source: FAO FIPS (2014) & Fish to 2030 (2013)

Table 3 below shows the expected growth in seafood production from 1990 to 2030 and how aquaculture has grown from approximately 16 million tonnes in 1990 to approximately 80 million tonnes in 2016 and the expected growth to 107 million tonnes in 2030.

Table 3:



Source: United Nations FAO Report: *The State of World Fisheries and Aquaculture 2018*

## 4.2 Salmon Farming

Commercial salmon farming started in Norway and Scotland in the early 1970s. Commercial salmon farming is now in 15 countries around the world including in the United States of America, Canada, Chile, the Faroe Islands, Ireland, Scotland, Norway, Russia, Australia and New Zealand Japan, Korea, Denmark, France and China. Sea trout are also farmed in Iceland and Finland.

The International Salmon Farmers Association 2018 Report states that salmon farming represents almost \$15.4 billion. This is compared with the global finfish farming industry of \$138.5 billion.

The total supply of all farmed salmon was in excess of two million tonnes (GWE) in 2016 with approximately 25,000 salmon farming cages in use globally. (Source: United Nations FAO Report *The State of World Fisheries and Aquaculture 2016*).

Farmed salmon production has grown 84% between 2005–2017 and it is estimated by the World Bank that in order to meet market requirements in 2030 it will need to continue to grow at a CAGR of 5%. (Source World Bank Report 83177 *Fish to 2030, Prospects for Fisheries & Aquaculture December 2013*).

Salmon farming is undertaken in a number of locations worldwide as shown by Table 4.

Table 4:



Source: management information from the Existing OTAQ Group.

Table 5 below shows the volume of farmed salmon produced by the five largest salmon farming countries.

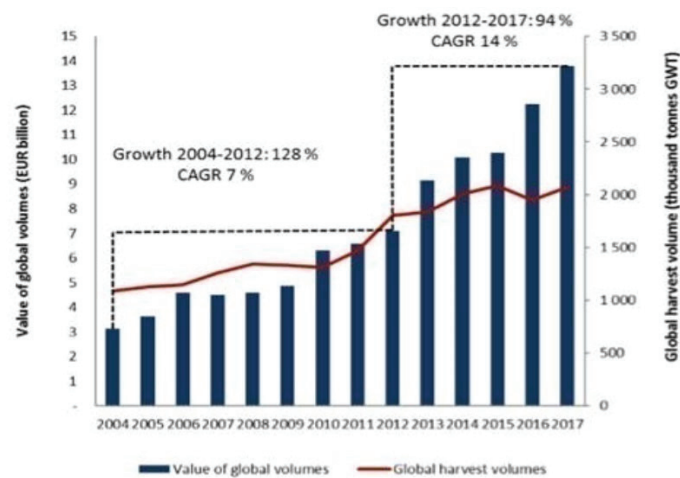
Table 5:

Country	Tonnes (000s)
Norway	1200
Chile	550
Canada/ USA	160
Scotland	140
Australia/ NZ	30
Others	130

Source: Marine Harvest Salmon Handbook 2018 which sites Kontali Analyse as the source of the data.

In Chile the value of farmed fish exported is £4.22 billion (Source: Mean data compiled from Chilean regional monthly reporting on salmon production and losses. Global production of farmed salmon grew by an average of 5% from 2005 to 2017 and is expected to continue to grow at 4% per year from 2018 to 2021 as shown by Table 6.

Table 6:



Source: Kontali Analyse

The largest eleven salmon farming companies globally and their respective market shares based on tonnage (000s) is set out in Table 7 below. Existing customers of OTAQ GL are highlighted in orange.

Table 7:

**Top 2019 salmon production companies in tonnage (000s)**

	Norway	Chile	Canada	UK	Total
MOWI	230	45	39	39	<b>353</b>
Salmar	142	0	0	14	<b>156</b>
Leroy	132	0	0	14	<b>146</b>
Cermaq	57	66	22	0	<b>145</b>
Agrosuper	0	109	0	0	<b>109</b>
Cooke	0	15	61	22	<b>98</b>
Grieg	46	0	17	12	<b>75</b>
Multiexport	0	65	0	0	<b>65</b>
Blumar	0	47	0	0	<b>47</b>
Nova Sea	38	0	0	0	<b>38</b>
Scottish Salmon Co	0	0	0	30	<b>30</b>

Source: <https://salmonbusiness.com/these-are-the-worlds-20-largest-salmon-producers/>.

The estimated number of active salmon farming (and all marine finfish) cages globally is set out in Table 8 below. The projections for 2022/23 are based on OBAN GL management estimates on the basis that the number of active ages will increase by 16% from 2017/18 to 2022/23:

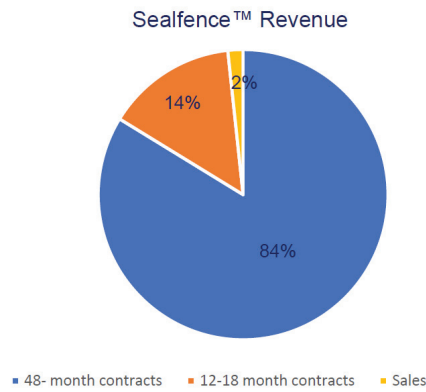
Table 8:

**Active Cages**

Salmon	2017/18	2022/23
UK	1,600	1,855
Europe	12,000	13,911
Chile	6,000	10,433
Oceania	650	754
North America	1,500	1,739
<b>Total Salmon</b>	<b>21,750</b>	<b>25,692</b>
All other marine finfish	37,125	43,038
<b>Total cages (all marine finfish)</b>	<b>58,875</b>	<b>68,730</b>

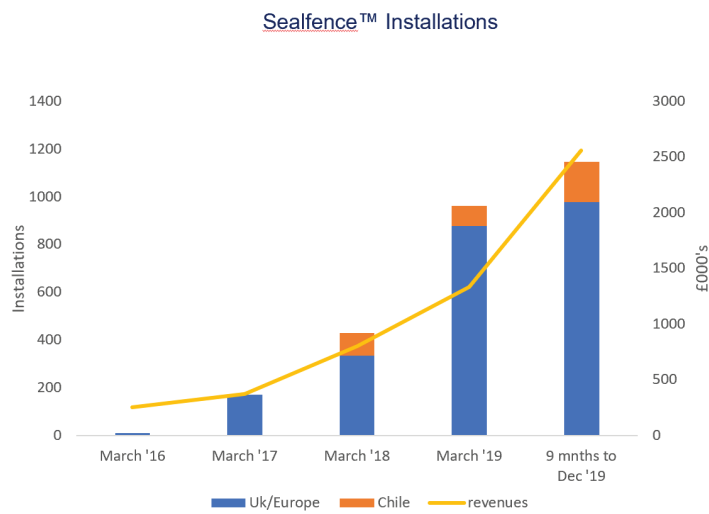
A breakdown of OTAQ GL's revenues for the 9 months' trading up to 31 December 2019 in respect of its Sealfence product is set out at Tables 9 and 10 below. Table 9 shows the proportion of contracts on a long-term (48 month) basis compared to those on medium-short term (12-18 month) basis and those revenues which are attributable to sales.

Table 9



Source: management information from the Existing OTAQ Group.

Table 10:



Source: management information from the Existing OTAQ Group.

Tables 11 and 12 below show the number of licenced salmon farming sites in Scotland operated by each of the major salmon farming companies:

Table 11:

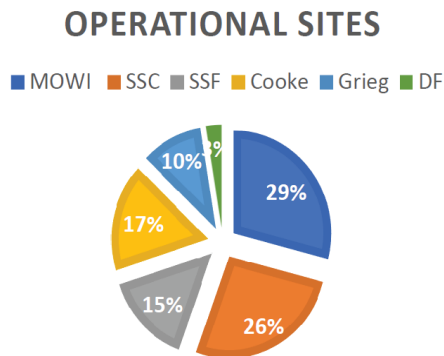


Table 12:

All Scottish Sites	
Company	Licensed Sites
Cooke Aquaculture (Scotland)	35
Dawnfresh Farming Ltd	6
Grieg Seafood Shetland Ltd	20
Hendrix Genetics	1
Loch Duart Ltd	10
Mowi Scotland Limited	47
Scottish Salmon Company Ltd	45
Scottish Sea Farms Ltd	37
Wester Ross Fisheries Ltd	4
	<b>205</b>

Correct at end October 2019

Source: <http://scottishsalmon.co.uk/wp-content/uploads/2020/01/Final-October-Survivability-2019.pdf>



Table 13 below shows the top six customers and potential customers of OTAQ GL in each of Scotland and Chile, the approximate number of cages they have, and the number of Sealence units each current customer has contracted and the number of units currently installed at 31 December 2019.

Where a customer enters into a rental contract for a period of time, the contract length can be extended if the customer chooses to request that a unit is removed while a cage is cleaned and awaiting being restocked, a “fallow period”. Hence while rentals received will be suspended during a fallow period, the total number of rental payments receivable by the Company does not vary but the timing of them does vary.

Table 13:

Customer	Location	* Approx. total cage numbers	Typical OTAQ Contract Terms	Units currently installed	Units currently on contract
Top 6 customers and potential customers in Scotland					
1	Scotland	564	48 month rental	336	473
2	Scotland	48		20	20
3	Scotland	540	48 month rental	487	503
4	Scotland	444	Rental contracts linked to production cycles	24	0 – units on trial
5	Scotland	35		0	0
6	Scotland	240		0	0
Top 6 customers and potential customers in Chile					
Customer	Location	* Approx. total cage numbers	Typical OTAQ Contract Terms	Units currently installed	Pipeline
1	Chile	1260	12 month rental	0	0
2	Chile	150	12 month rental	80	110
3	Chile	100		0	0
4	Chile	112	12 month rental	28	70
5	Chile	240	18 month rental	50	28
6	Chile	216	18 month rental	10	50

Source: management information from the Existing OTAQ Group (numbers as at 31 December 2019).

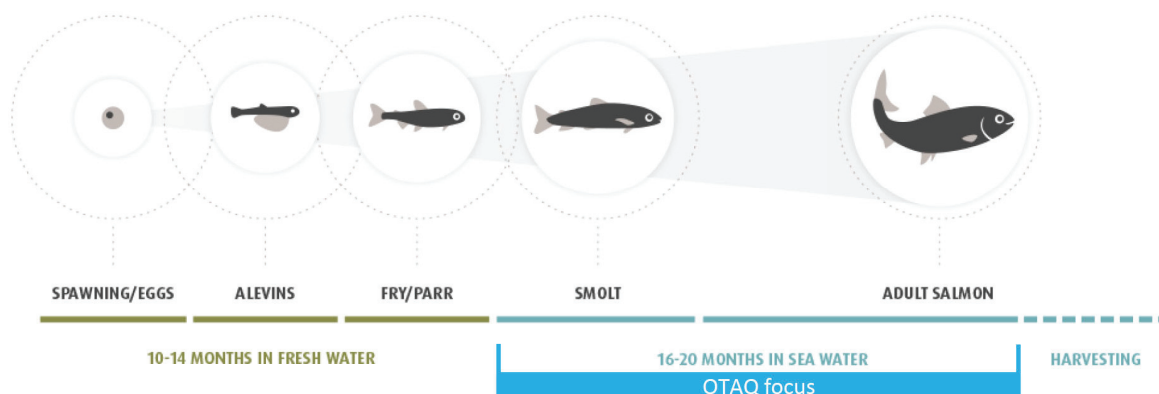
Note: Approximate cage numbers are based on an average of 12 cages per site

\*Since 31 December 2019 14 units are on contract

### 4.3 Farmed salmon life-cycle

As shown in Table 11, farmed salmon live in fresh water tanks for the first three stages of their life cycles (egg, alevin and fry or parr) and are then transferred to sea water cages as a smolt where they grow to adult salmon.

Table 14:



The products offered by the Existing OTAQ Group are designed for the period between a smolt being transferred from a hatchery to a marine cage to the harvest of a fully-grown adult.

- Smolts are typically transferred from hatcheries to sea sites when they reach a weight of 100 grams to 300 grams
- Harvesting usually starts after 16 to 20 months, once the fish have reached a weight of 4 kilograms to 5 kilograms

There are an estimated 2,500 to 3,000 salmon farming sites worldwide. A typical salmon farm may have between 8 to 30 cages on each site and each cage can contain between 40,000 and 100,000 fish. Once a cage has been harvested it will typically remain empty for a period of at least three months before being reused.

## 5. OPERATIONAL CHALLENGES FOR SALMON FARMERS

Salmon farmers have a number of challenges and operational issues that the Existing OTAQ Group is currently seeking to overcome in plankton and algal blooms, predators and stock knowledge.

### Plankton and Algal Blooms

Plankton and algal blooms are a major issue for the industry as they can cause (at best) fish being unable to eat or digest so farmers need to stop feeding or (at worst) large scale mortality. Whilst most farms monitor the quality of the water, this is still done manually and relatively infrequently. There is currently no accurate, automatic and cost effective method of detecting plankton by type and volume. In the summer of 2019, harmful algal bloom caused the death of approximately 8 million farmed salmon in Norway costing the industry an estimated 4 billion Norwegian Krona (£339 million) in potential sales and costs (research by Kontali Analyse delivered on behalf of the Norwegian Seafood Research Fund).

### Predators

Seals and sea lions attacking pens cause not only fish loss but also cause the salmon distress which results in the salmon to cease feeding which leads to illness.

### Stock Knowledge

Salmon farmers wish to be able to continuously and accurately measure the average weight of a fish. Whilst a number of systems exist to provide total biomass, the Enlarged Group is not aware of any system that provides consistent data on the weight of a fish in real time. If average weight data was available in real time this would enable the industry to become more sophisticated in its farming including feeding operations and harvesting in response to market conditions.

## 6. GROWTH STRATEGY

The Enlarged Group intends to develop both organically and through selective acquisitions.

### Expanding Sealence sales

The Existing OTAQ Group's strategy is to use its market leading position and reputation to sell more systems to its existing customers and expand its customer base in existing geographies and new geographies.

In aquaculture the Existing OTAQ Group is well established in Scotland where there are five major salmon farming companies. The Existing OTAQ Group supplies Sealence to the two largest companies in Scotland, covering a total of more than 40% of all existing active salmon farming sites in Scotland. The other three large salmon farmers in Scotland have an estimated 68 sites in total and the Existing OTAQ Group is trialling Sealence at one of these sites.

The Existing OTAQ Group's strategy is to replicate its success in Scotland in aquaculture in a number of new territories including:

- Chile is the second-largest salmon farming country globally with an estimated 6,000 salmon cages. The Existing OTAQ Group has had a presence in Chile since 2016 and at 31 December 2019 had 168 systems deployed with a number of major farmers including Salmenes Antartica; Blumar; Ydran; Aquachile (the world's second-largest salmon farmer after MOWI) and Multiexport. The Directors expect growth in Chile to follow a similar pattern to Scotland with major farmers deploying the systems initially on a singular or a small number of sites to gain

experience and confidence and then rolling out through their networks. The Existing OTAQ Group is at present in discussions with three large Chilean salmon farming companies about multi-site agreements

- Canada – is a target market and the Existing OTAQ Group is in discussions with a number of salmon farming companies operating on the east coast of Canada about a product trial.
- Australia – The Existing OTAQ Group has since 2016 been looking at a strategy to enter the Australian marketplace. Currently, no acoustic deterrent systems are deployed in Australia as regulatory approvals are required. The Existing OTAQ Group has been in discussions with the regulatory bodies including the Government of Tasmania with an application currently being discussed with the University of Tasmania animal ethics committee to grant Existing OTAQ Group a licence to trial equipment.
- Finland – the Existing OTAQ Group has sold a small number of systems into Finland through a distributor for a number of years and is in discussions with that distributor regarding establishing a rental model
- Norway – is currently by far the largest producer of farmed salmon in the world. At present the regulatory regime in Norway permits the killing of marine mammals (seals and sea lions) to prevent attacks on salmon farms. The killing of marine mammals is not allowed in Chile, Australia and Canada and is highly regulated in the UK and Eire. Unless the regulatory regime in Norway changes, the Enlarged Group does not anticipate Norway becoming a major market for Sealfence. However, the US Marine Mammal Protection Act which is due to be implemented in January 2022 could change Norwegian practices if the United States bans the import of salmon from commercial fisheries where marine mammals are harmed.

#### ***New products***

The Existing OTAQ Group continues to develop its Sealfence product and in addition to ongoing upgrades the Existing OTAQ Group is also developing versions of Sealfence that can be used in other situations such as for salmon trap nets which are widely used in Finland and other Scandinavian countries and mobile units for other applications.

#### ***Plankton Detection***

The Existing OTAQ Group also has a number of products in development to address some of the major issues facing salmon farmers outlined above. These include a Live Plankton Analysis System (“LPAS”) which is an algal bloom early warning detection system. Salmon farmers currently analyse water samples manually once per day. If plankton is detected, the farmers may stop feeding the salmon or activate bubble curtains to break up the plankton within the cages. LPAS would take continuous water samples and analyse them throughout the day. It is proposed that only one LPAS system would be required per farm which would be located strategically in plankton hotspot areas. The LPAS technology if successfully developed would ultimately seek to establish a cloud-based database containing information from all LPAS sensors in one area which would eventually provide a precision / modelling system through the Existing OTAQ Group’s ISAQ cloud-based information system (to be developed pending successful development of LPAS technology).

OTAQ GL has received grants from the Scottish Aquaculture Innovation Centre and CENSIS, Scotland’s innovation centre for sensing, imaging and internet of things technologies, to fund the development of the LPAS technology through the University of Aberdeen’s Floe Cytometry Department’s involvement.

The concepts in respect of these products were exhibited at AquaNor (the world’s largest aquaculture trade show) in August 2019. However, it is not expected that commercial production of the LPAS technology will be possible for at least two years.

### Biomass

Marine farming demands a real-time, accurate, method of measuring average weight and total in-cage biomass. At present, there is no system available which fulfils these specific market requirements. Fish farmers have several issues facing them which can be solved with artificial intelligence and machine vision:

- **Fish size / Biomass:** it is essential for farmers to understand how big their fish are, size distribution and total biomass within each cage;
- **Sea Lice detection:** salmon farmers have to check and report on sea lice levels daily which takes up a large amount of time and effort; and
- **Feed pellet detection:** there is a desire to automate the detection of feed pellets so that feeding becomes more automated, precise and less manual.

The Existing OTAQ Group's proposed biomass system envisages a high resolution stereo camera and AI machine learning. Each of the issues faced by salmon farmers listed above could potentially be addressed by the biomass technology currently in development.

The biomass system, if successfully developed, would offer accurate measurements in a robust, cost effective package. The system would be deployed permanently in every cage and supplied on a service model. The Existing OTAQ Group have now completed the stereo camera test module and a collection of imagery from field testing is being compiled. The major obstacle facing the Existing OTAQ Group is the refinement and training of the artificial intelligence system but two of the major customers have indicated that they will assist with testing.

The inclusion of a pellet (fish food) counting device is also being considered within the biomass technology in development.

### Organic growth in offshore oil and gas

Whilst the principal reasons for the acquisitions of the businesses operating in these markets was strategic in providing skills, expertise and resources that can be deployed to grow the core aquaculture business, both businesses have established businesses which have opportunities for growth which can be exploited to generate additional cashflows which would then be available for re-investment in the core aquaculture business. Over half of the sales of OTAQ Offshore and OTAQ Connectors are into the North Sea sector. Both businesses have made material sales outside of the North Sea in the past. The Enlarged Group intends to prioritise broadening the geographic spread outside the North Sea.

### Acquisitions

In order to realise the vision for the business, the Directors believe that it would be in the interests of the Enlarged Group to complement the organic growth prospects referred to above with selective acquisitions. Acquisitions will be considered if they meet one or more of the following criteria:

- to enable the Enlarged Group to develop its position in the aquaculture data and services market;
- to allow the Enlarged Group to acquire scale, expertise and/or technology that is being used or could be used in the aquaculture market; and/or
- to increase the Enlarged Group's geographical footprint in the markets it has targeted.

To date, the Existing OTAQ Group has made two acquisitions: of OTAQ Offshore and of OTAQ Connectors.

- The OTAQ Offshore acquisition allowed the Existing OTAQ Group to acquire technology and engineering expertise which is now being used to develop the new aquaculture products mentioned above such as LPAS and biomass measurement.
- The OTAQ Connectors acquisition enabled the Existing OTAQ Group to provide a shorter and better controlled supply chain and reduced production costs.

## **7. HISTORY OF THE EXISTING OTAQ GROUP**

The Existing OTAQ Group was founded in 2005 as an engineering design business specialising in the design of acoustic and electronic products for the offshore oil and gas industry. In 2012 in response to a customer enquiry it developed an acoustic seal deterrent which was delivered in 2012 for evaluation and the first operational unit was installed in 2013. In 2014, Phil Newby joined the Existing OTAQ

Group as commercial director and in March 2016 was promoted to chief executive. In 2015 the Existing OTAQ Group changed the basis on which it supplied Sealfence from outright sale to long-term rental contracts. The Existing OTAQ Group in 2015 began issuing shares in OTAQ GL to fund the development of Sealfence and the provision of units under long-term rental agreements. In 2016 the Existing OTAQ Group opened an office in Chile.

In November 2018, OTAQ GL acquired OTAQ Offshore (then named Marinesense Limited), a company based in Aberdeen, that currently designs and supplies a number of products for use under water to the offshore oil and gas industry, including leak detection and laser measuring devices, which are supplied on short term rental contracts and IP camera systems which are sold outright or rented.

The consideration for the acquisition of OTAQ Offshore was £500,000 in cash (£250,000 on completion and a further £250,000 due on the second anniversary of completion) and the issue of 453 OTAQ GL ordinary shares to the selling shareholders of OTAQ Offshore. There is a further cash payment due five days after the accounts of OTAQ Offshore for the period ending 31 March 2020 are finalised of 50% of the earnings of OTAQ Offshore before interest and taxes in excess of £450,000 up to a maximum payment of £150,000. There is a further cash payment due on or after 23 November 2021 which is £500,000 less the market value of the Third Deferred Consideration Shares at that date.

The consideration shares were issuable in three tranches: 151 on completion; 151 on 23 November 2019 and 151 on the third anniversary of completion (23 November 2021). Pursuant to the OTAQ Offshore Purchase Agreement Amendment as described at paragraph 12.15 of Part 14 of this Document, OTAQ GL has issued, subject to Admission, 151 Ordinary Shares in OTAQ GL (the Third Deferred Consideration Shares) in complete satisfaction of the obligation to issue the same number of shares on 23 November 2021

In April 2019, OTAQ GL acquired OTAQ Connectors Limited (then named Link Subsea Limited), a company based in Ulverston (38.7 miles from the Existing OTAQ Group's head office in Lancaster), that designs and manufactures high integrity underwater connectors used in the offshore oil industry.

The consideration for the acquisition of OTAQ Connectors was £400,000 in cash and the issue of 50 OTAQ GL ordinary shares to the OTAQ Connectors sellers, payable as to £300,000 in cash on completion and further payments of £50,000 due to the OTAQ Connectors sellers on each of 29 April 2020 and 29 April 2021. 35 OTAQ GL ordinary shares were issued to the OTAQ Connectors Sellers on completion with 8 additional ordinary shares due to be issued on 29 April 2020 and 7 additional ordinary shares due to be issued on 29 April 2021. Pursuant to the OTAQ Connectors Purchase Agreement Amendment as described at paragraph 12.16 of Part 14 of this Document, OTAQ GL prior to the date of this document has issued, subject to Admission, 15 Ordinary Shares in OTAQ GL in complete satisfaction of the obligation to issue the same aggregate number of shares on 29 April 2020 and 29 April 2021.

On 7 February 2020 Marinesense Limited changed its name to OTAQ Offshore Limited.

On 6 February 2020 Link Subsea Limited changed its name to OTAQ Connectors Limited.

On 7 February 2020 OTAQ Limited changed its name to OTAQ Aquaculture Limited.

On 10 March 2020 OTAQ GL entered into the Main SPA with Hertsford whereby Hertsford agreed to acquire approximately 86% of the issued share capital of OTAQ GL in exchange for the issue of 5,218 Ordinary Shares in the capital of Hertsford for every OTAQ GL Share sold to the Company. In addition, the Company will acquire the remaining 14% of the issued share capital of OTAQ GL pursuant to the Drag Along Process, details of which are set out in paragraph 12.12 of part 14 of this Document. Completion of the acquisition of the entire share capital of OTAQ GL will take place immediately before Admission. The Acquisition Agreement completes at Admission.

In addition, Hertsford has also agreed, following Admission, to acquire any ordinary shares in OTAQ GL as a consequence of the exercise of options over 200 OTAQ GL ordinary shares by Phil Newby and 84 OTAQ GL ordinary shares by Jag Mundi referred to paragraph 16 of Part 7 of this Document which would result in the issue of a further 1,481,912 Ordinary Shares.

## **8. FINANCIAL INFORMATION**

Please refer to Part 9 for Historical Financial Information, Part 10 for Pro-forma Financial Information and Part 11 for Unaudited Interim Financial Information.

## 9. COMPETITION

Aquaculture – the Existing OTAQ Group has a number of competitors, many of whom are better resourced, that market and/or supply products that are designed to deter marine predators from attacking salmon farms. However, the Existing OTAQ Group believes, as demonstrated in the Scottish market, that the combination of the technology, features, engineering and robustness of the Sealence system enables the Existing OTAQ Group to compete effectively.

Offshore Oil and Gas – there are many competitors producing similar products to those supplied by the Existing OTAQ Group to the offshore oil and gas industry.

## 10. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 March 2019	Year to 31 March 2018	Year to 31 March 2017
	£000	£000	£000
<b>Revenue</b>	1,577	919	374
Cost of sales	(675)	(370)	(396)
<b>Gross profit/(loss)</b>	902	549	(22)
Administrative expenses	(1,103)	(962)	(538)
Research and development expenses	(142)	(106)	(82)
<b>Operating Loss</b>	<b>(343)</b>	<b>(519)</b>	<b>(642)</b>
Finance expense	(26)	(9)	(17)
<b>Loss on ordinary activities before taxation</b>	<b>(369)</b>	<b>(528)</b>	<b>(659)</b>
Taxation	—	35	2
<b>Loss for the year and total comprehensive loss for the year</b>	<b>(369)</b>	<b>(493)</b>	<b>(657)</b>

## 11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Existing OTAQ Group does not have any patents in relation to its products. The Existing OTAQ Group's intellectual property is in its knowledge of the applications to which technology can be applied and in designing and producing a product that can operate reliably in hostile marine environments and under water.

## 12. MANAGEMENT AND EMPLOYEES

### *Directors and Senior Management*

#### **Harry Hyman (Age 63)**

Harry Hyman, a chartered accountant and corporate treasurer, is the founder and managing director of Primary Health Properties PLC ("PHP"), a listed company that specialises in the ownership of property leased on a long-term basis to healthcare providers. PHP, a UK-REIT is a leader in its niche market with gross property assets of £2.4 billion and a consistent record of growth. PHP is advised by Nexus Tradeco Limited ("Nexus").

After graduating from Christ's College Cambridge, Mr Hyman qualified as a chartered accountant with Price Waterhouse. In 1983, he joined Baltic PLC where he was deputy managing director, finance director and company secretary. He left to establish PHP and Nexus in February 1994. Mr Hyman is a non-executive director of Biopharma Credit PLC.

Mr Hyman founded HealthInvestor, a business to business journal covering the healthcare sector which is one of the leading titles in the UK. HealthInvestor recently started an online Asian Edition, HealthInvestor Asia. HealthInvestor runs conferences and events including the annual HealthInvestor awards and the HI Power 50.

Mr Hyman is also founder of The International Opera Awards.

Mr Hyman will resign as a director on Admission.

Mr Hyman's current and former directorships and partnerships are set out in paragraph 23.1 of Part 14 of this document.

**Rodger Sargent (Age 48)**

Rodger Sargent has been the founder and finance director of a number of quoted and private companies over the past twenty years. Mr Sargent was a director of Sports Internet Group plc, Bigblu Broadband plc, Audioboom Group plc and S4 Capital plc. He previously ran the family office of Betfair founder, Andrew Black. He qualified as a chartered accountant with PricewaterhouseCoopers, London in 1996.

Rodger Sargent will resign as a director at Admission.

Mr Sargent's current and former directorships and partnerships are set out in paragraph 23.2 of Part 14 of this Document.

**Sarah Gills (Age 31)**

Sarah Gills is a graduate in Marine Biology and Oceanography from the National Oceanography Centre at the University of Southampton. She is an entrepreneur whose experience includes the management of yacht racing around the world, property development and litigation support. She is an active investor and is currently assisting in the corporate development of AIM-quoted company, Franchise Brands plc.

Sarah Gills will continue as a director following Admission.

Ms Gills' current and former directorships and partnerships are set out in paragraph 23.3 of Part 14 of this Document.

**Alexander Hambro (Age 58)**

Alex has been engaged in the private equity industry both in the UK and the USA for over 28 years during which time he has acted as a principal investor, manager and sponsor of private equity and venture capital management teams and adviser to high net worth families on their private equity investment strategies. Alex managed Hambros PLC's proprietary venture capital and private equity investment portfolio prior to its sale to Societe Generale in 1998.

Alex is a founder director of Crescent Capital, a venture capital fund based in Belfast, and Judges Scientific plc, a scientific instrumentation manufacturing group. In addition to his Chairmanship responsibilities at these two companies, Alex is a non-executive Chairman or director of Falanx Group plc, Izon Science Ltd, Octopus Apollo VCT PLC and Time Partners Ltd.

Alexander Hambro will continue as a director following Admission.

Mr Hambro's current and former directorships and partnerships are set out in paragraph 23.4 of Part 14 of this Document.

***The Proposed Directors***

**Philip ("Phil") Newby, Chief Executive (age 58)**

Phil joined the Existing OTAQ Group in June 2014 as commercial director and was appointed chief executive in March 2016.

From 1993 to 1996 Phil was general manager of Unique Systems LLC an offshore equipment rental business operating in the Middle East and India. From 1996 to 2011 Phil was chief executive of Trelleborg Offshore Barrow-In-Furness Limited, a business that supplied flowline and cable protection to the offshore oil and gas industry. In 2011 Phil joined Unique Systems Russia LLC which was developing umbilical systems for commercial diving operations.

Mr Newby's current and former directorships and partnerships are set out in paragraph 23.5 of Part 14 of this Document.

### **Simon Walters, Chief Financial Officer (age 56)**

Simon qualified as a chartered accountant in 1986 and joined the corporate finance department of Stoy Hayward (now BDO). In 1990, he left to join Fuller Peiser, a national property consultancy, as Finance Partner, where he stayed for two years before becoming finance director of the privately-held Molyneux property group, whose interests included 52 per cent of listed Molyneux Estates plc.

In 1997, Simon became Finance Director at Shani plc, a fully-listed UK clothing manufacturer with operations in the UK and Eastern Europe. In 1999, Simon became finance director of Wood Hall Securities, a private equity group with funds invested in a range of private high-growth businesses and a significant property portfolio.

Simon has also been a non-executive director of AIM-quoted Bilston & Battersea Enamels plc, finance director of the Fish! chain of restaurants, a director of NetFM, an internet radio station where he headed a consortium of backers, and finance director of AIM-quoted AFC Energy plc and Neville Porter plc.

Since 2003, Simon has provided finance director services to a portfolio of listed and unlisted companies in various sectors, currently through Headline FD Limited, of which he is a director.

Mr Walters' current and former directorships and partnerships are set out in Part 23.6 of Part 14 of this Document.

### **George Watt, Independent Non-Executive Director (age 52)**

George started his career with KPMG where he qualified as a chartered accountant and worked for 10 years in the UK and the United States. He then joined STV Group plc in 1999 where he spent 20 years as Chief Financial Officer before retiring from the board in 2019. George is currently non-executive Chairman of Spaceandpeople PLC, an AIM quoted destination media and retail solutions specialist operating in the UK and Germany, and has held other non-executive director positions in the technology sector.

Mr Watt's current and former directorships and partnerships are set out in Part 23.7 of Part 14 of this Document.

## **13. CORPORATE GOVERNANCE**

### ***Corporate governance***

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out in the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies.

Upon Admission, the Board will comprise five Directors, two of whom will be Executive Directors and three Non-Executive Directors, reflecting a blend of different experiences and backgrounds as described in section 12 of this Part 7.

The QCA Code states that a company should have at least two independent non-executive directors. At Admission the Company will only have two independent non-executive directors being George Watt and Sarah Gills. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision making. The Company will appraise the structure of the Board on an ongoing basis.

The Board intends to meet regularly to review, formulate and approve the Enlarged Group's strategy, budgets, corporate actions and oversee the Enlarged Group's progress towards its goals. The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference.

The Company will review its compliance with the recommendations of the QCA Code and, following Admission, report in its annual report and accounts and on its website where it complies and explain where it does not comply.



### ***Audit Committee***

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Enlarged Group is properly measured and reported on. It will receive and review reports from the Enlarged Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Enlarged Group's external auditors. The members of the Audit Committee shall include two non-executive Directors. The Audit Committee will comprise George Watt (as chairman) and Sarah Gills.

### ***Remuneration Committee***

The Remuneration Committee will review the performance of the Executive Directors, chairman of the Board and senior management of the Enlarged Group and make recommendations to the Board on matters relating to their remuneration and terms of service. 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 employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The members of the Remuneration Committee shall include two Non-Executive Directors. The Remuneration Committee will comprise Sarah Gills (as chairman) and George Watt.

### ***Nomination Committee***

The Nomination Committee will lead the process for board appointments and make recommendations to the Board. The Nomination Committee shall evaluate the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet as and when necessary, but at least twice each year. The Nomination Committee will comprise Alexander Hambro (as chairman), George Watt and Sarah Gills.

## **14. THE PLACING AGREEMENT AND LOCK-INS**

- 14.1 The Company entered into the Placing Agreement on 10 March 2020 between the Company, the Directors, the Proposed Directors (Philip Newby, Simon Walters and George Watt) and Jagjit Mundi (the current Chairman of OTAQ)) and Dowgate, pursuant to which, subject to certain conditions, Dowgate agreed to use reasonable endeavours to procure subscribers for the Placing Shares.
- 14.2 The Placing Agreement contains, among other things, the following provisions:
- 14.2.1 The Company appointed Dowgate as placing agent to the Placing.
  - 14.2.2 The Company, the Directors, the Proposed Directors and Jagjit Mundi gave certain customary representations, warranties and undertakings to Dowgate including, among others, warranties in relation to the information contained in this Document and other documents prepared by the Company in connection with the Placing and the Company (as applicable), in relation to the business of the Company, and their compliance with applicable laws and regulations. In addition, the Company agreed to indemnify Dowgate against certain liabilities, including in respect of the accuracy of information contained in this Document, losses arising from a breach of the Placing Agreement and certain other losses suffered or incurred in connection with the Placing. The liability of the Company under the Placing Agreement is unlimited as to time and amount. The liability of the Directors, the Proposed Directors and Jagjit Mundi under the Placing Agreement is limited as to time and amount, save that such limitations will not apply (i) in relation to any claim arising fraud or wilful default of the relevant person; or (ii) in respect of the limit as to time, if any claim arises as a result of a breach of the warranties that relate to the offer documents.
  - 14.2.3 The Company agreed to pay Dowgate commissions and fees of £292,500 plus VAT and out of pocket expenses including Dowgate's legal fees.
  - 14.2.4 The Placing Agreement is governed by English Law.

### ***Lock in arrangements***

14.3 Pursuant to the Placing Agreement and the OTAQ Acquisition Agreements, each of the Directors and the OTAQ Shareholders have agreed to lock in restrictions, the details of which are summarised in paragraphs 12.9 and 12.12 Part 14 of this Document.

## **15. SHARE DEALING POLICY**

The Company has adopted a share dealing policy, in conformity with the requirements of the Listing Rules and the Market Abuse Regulation, regulating trading and confidentiality of inside information for persons discharging managerial responsibility (“PDMRs”) and persons closely associated with them which contains provisions appropriate for a company whose shares are admitted to trading on the Official List. The Company intends to take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of its share dealing policy.

## **16. SHARE OPTIONS**

Prior to Admission, options over ordinary shares in OTAQ GL were granted to Jag Mundi, (a director and Chairman of OTAQ GL up to Admission and Philip Newby (the “Optionholders”), details of which are set out as follows. Each of these options is in respect of Shares in OTAQ GL, however the performance criteria (if any) for vesting relates to Ordinary Shares in the Company. Please also see below for purchase arrangements.

<b>Name of plan</b>	<b>Number of OTAQ GL shares</b>	<b>Date of grant</b>	<b>Exercise price per OTAQ GL share</b>	<b>Dates between which normally exercisable</b>
Option Agreement with Jagjit Mundi	50	9 March 2020	£1,050	From date of grant for 10 years
Option Contract with Jagjit Mundi	34	9 March 2020	£0.03125	From Admission for 10 years
Option Contract with Philip Newby	133	9 March 2020	£0.03125	See footnote 1 below
OTAQ Share Option Plan Option Contract with Philip Newby	67	9 March 2020	£0.03125	From the date of grant for 10 years

Footnote 1: These options vest and are exercisable as follows:

<b>Number of Shares</b>	<b>Period for Exercise of Option</b>	<b>Vesting Conditions</b>
45	From the date of grant for 10 years.	None
44	From the vesting date for 10 years (Vesting date is the date when the Company’s share price reaches the target (adjacent) (provided this is before 31/3/21).	Target price per Ordinary Share is £0.728 or more.
44	From the vesting date for 10 years (Vesting date is the date when the Company’s share price reaches the target (adjacent) (provided this is before 31/3/22)	Target price per Ordinary Share is £1.093 or more.

On Admission, the above mentioned options (the “Options”) will remain to be exercised in respect of shares in OTAQ GL. Each of Jagjit Mundi and Philip Newby has entered into a contract with the Company (subject to Admission occurring) which provides that on exercise of any of the Options, the Company will immediately acquire the OTAQ GL shares issued to the Optionholders in consideration for the issue of Ordinary Shares in the ratio of 5,218 Ordinary Shares for each option share sold (subject to any appropriate adjustments if the Ordinary Share Capital of the Company is reorganised following Admission and before completion of transfer of the option shares). Such Ordinary Shares being issued in consideration of the purchase of the option shares, being defined as the OTAQ Option Shares.

Following Admission, it is proposed that the Company establish a share incentive plan for its employees with a view to issuing up to one million Ordinary Shares to such employees. That arrangement would require to be approved by the Company's shareholders.

## 17. WARRANT EXERCISE

Pursuant to the terms of the Warrant Instrument, the Company granted the following Warrants to various persons:

<b>Warrantholder</b>	<b>No. of Ordinary Shares of 3p each over Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Harry Hyman	400,000	£0.10	26 November 2021
Rodger Sargent	400,000	£0.10	26 November 2021
Sarah Gills	400,000	£0.10	26 November 2021
Alexander Hambro	400,000	£0.10	26 November 2021

The Warrants were granted subject to the condition (“**Exercise Condition**”) set out in the Warrant Instrument requiring that the average middle market closing price of the Ordinary Shares needed to be equal to or exceed 20 pence per share for a consecutive period of 30 trading days (as derived from the London Stock Exchange Daily Official List) in order for the Warrants to become exercisable.

On Admission the Exercise Condition under the Warrants will be waived and the period for exercise extended to 3 years from Admission.

As a consequence of the Consolidation, following passing of the Resolutions the position regarding Warrants will be as follows:

<b>Warrantholder</b>	<b>No. of Ordinary Shares of 15p each over Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Harry Hyman	80,000	£0.50	Third anniversary of Admission
Rodger Sargent	80,000	£0.50	Third anniversary of Admission
Sarah Gills	80,000	£0.50	Third anniversary of Admission
Alexander Hambro	80,000	£0.50	Third anniversary of Admission

## 18. DIVIDEND POLICY

The primary purpose of seeking admission to listing on the London Stock Exchange is to provide growth capital with which to fund and accelerate the continuing expansion and development of the business. Accordingly, the Directors do not intend that the Company will declare a dividend in the near term, but instead channel the available cash resources of the Enlarged Group into funding its expansion. Thereafter, the Board intends to commence the payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of distributable profits and the funds required to finance continuing future growth.

## 19. CURRENT TRADING

There has been no significant change in the financial position of the Company since 30 June 2019, being the date of the last audited accounts.

Save as disclosed in this Document, there has been no significant change in the financial position of the Existing OTAQ Group since 30 September 2019, being the date to which the Unaudited Interim Financial Information in Part 11 of this Document has been prepared. Information on trading for the Existing OTAQ Group since the 30 September 2019 is set out in paragraph 2 of Part 8 of this document.

## 20. REASONS FOR ADMISSION, USE OF PROCEEDS AND THE PLACING

The Directors believe that Admission will position the Enlarged Group for its next phase of development. The Net Placing Proceeds will be used to (i) repay the Shareholder Loans; (ii) fund the planned investment in fixed assets of approximately £1.5 million over the two years to 31 March 2022, primarily on new Sealence units to be supplied to customers on rental contracts; (iii) fund the estimated £0.75 million spend on the development of new aquaculture products; (iv) pay the costs of the Acquisition, the preparation of this Document and the Placing of approximately £1 million; and (v) enable the Company to pursue acquisitions that will expand its geographic reach or the range of products and services that it is able to offer.

The Placing, which is not being underwritten, is conditional, amongst other things, upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission and Admission becoming effective not later than 8 am on 31 March 2020, or such later date as Dowgate and the Company may agree, being not later than 9 April 2020. The Placing Shares and the Consideration Shares will 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 the date of issue. None of the Placing Shares have been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission. Further details of the Placing Agreement are set out in paragraph 14 of Part 7 of this Document.

On Admission (but excluding Ordinary Shares to be issued pursuant to the Warrants and the OTAQ Option Shares) the Company will have 30,548,599 Ordinary Shares in issue and a market capitalisation of approximately £17.6 million (at the Placing Price). Dowgate has agreed, pursuant to the Placing Agreement and conditional, amongst other things, on Admission, to use its reasonable endeavours to place 2,608,694 new Ordinary Shares with institutional and other investors. The Placing will raise in total approximately £1.5 million gross of expenses for the Company.

## 21. ADMISSION, SETTLEMENT AND DEALINGS

Application will be made to the Financial Conduct Authority for all of the Ordinary Shares, issued and to be issued in connection with the Placing to be admitted to the Official List of the Financial Conduct Authority and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings in the Shares will commence on 31 March 2020.

The Ordinary Shares will be in registered form. The Articles permit the Company to issue Ordinary Shares in either certificated or uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can elect to receive and retain a share certificate. Share certificates, where applicable, will be sent to the registered Shareholder by the Registrar, at the Shareholder's own risk.

## 22. TAXATION

Your attention is drawn to the taxation section contained in Part 12 of this Document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

## 23. THE TAKEOVER CODE AND THE CONCERT PARTY

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on the Official List of the London Stock Exchange. The Takeover Code applies, amongst others, to all companies who have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a multilateral trading facility (such as the London Stock Exchange) or a stock exchange in the Channel Islands or Isle of Man. Accordingly, the Company is subject to the Takeover Code and therefore all Shareholders are entitled to the protections afforded by it. The Takeover Code operates principally to ensure that shareholders of the Company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing. Further information on the provisions of the Takeover Code is set out in paragraph 11 of Part 14 of this document. The Takeover Code governs, amongst other things,

transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the Takeover Code) which (taken together with shares in which that person is already interested or in which persons acting with him are interested) carry 30 per cent or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry 30 per cent or more of the voting rights of such 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 interest in shares is acquired which increases the percentage of shares carrying voting rights in which he, together with persons acting in concert with him, are interested.

Where any person who, together with persons acting in concert with him, holds over 50 per cent of the voting rights of a company, acquires any further shares carrying voting rights, they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or the consent of the Takeover Panel. An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

The Company has agreed with the Panel that the members of the Concert Party are considered to be acting in concert for the purposes of the Takeover Code. Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company. The Concert Party, on Admission, (including Ordinary Shares to be issued pursuant to the Warrants and the OTAQ Option Shares) will together hold Ordinary Shares representing an aggregate of 33.58 per cent of the Enlarged Share Capital as increased by the Ordinary Shares issuable on exercise of the OTAQ Option Shares and the Warrants. Further details of the Concert Party's holding are set out in paragraph 19 of Part 14 of this Document. As the Concert Party will, between its members, hold Ordinary Shares carrying 30 per cent or more of the Company's voting share capital but less than 50 per cent of the Company's voting share capital, for so long as they remain in concert, any further increase in that interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.

## **24. FURTHER INFORMATION**

You should read the whole of this Document, which provides additional information on the Enlarged Group and the Placing, and not just rely on the information contained in this Part 7. In particular, your attention is drawn to the risk factors in Part 2 of this Document and the Additional Information contained in Part 14 of this Document.

## PART 8

### OPERATIONAL AND FINANCIAL REVIEW

#### 1. OVERVIEW

1.1 The Existing OTAQ Group supplies its products and services into two distinct markets:

- (a) aquaculture and in particular salmon farms; and
- (b) offshore oil and gas.

Details of these are as follows:

##### Aquaculture

The Existing OTAQ Group is a supplier to the salmon farming sector of the aquaculture market, offering a technology-based product (Sealfence) that reduces losses of stocks through attacks on farms by predators, usually seals or sea lions. Most of its customer base prefer to rent Sealfence on fixed price four-year contracts (in Chile the customer places purchase orders for rental contract terms of 12 to 18 months), and the Company does not envisage a significant change to this business model. However as rental contracts come to an end, unless they are renewed, the Company could suffer a reduction in revenue.

The growth of the aquaculture business has been through the development and supply to new customers of a small number of systems on a trial basis, leading to increasing orders for systems installed on a rental contract basis. The Existing OTAQ Group's aquaculture business has developed from a technology development company with revenues predominantly from selling technical services in the UK to today's model of a business that develops and installs Sealfence on rental contracts systems in both the UK and Chile and sells its products in Finland and Russia. There is growing interest in Sealfence in other important aquaculture markets including Canada and Australia.

##### Offshore Oil and Gas

The Existing OTAQ Group supplies through OTAQ Offshore a range of sub-sea cameras, laser measuring devices, leak detection systems and, through OTAQ Connectors, high integrity electrical connectors for use in the offshore oil & gas market. Most of the Existing OTAQ Group's sales to the Offshore Oil and Gas industry are to businesses in the North Sea.

The Historical Financial Information for the Existing OTAQ Group as set out in Section B of Part 9 of this Document incorporates the results of OTAQ Offshore from 23 November 2018 to 31 March 2019.

The Unaudited Interim Financial information for the Existing OTAQ Group as set out in Section B of Part 11 of this Document incorporates the results of OTAQ Connectors from 29 April 2019 to 30 September 2019.

#### 2. CURRENT TRADING & PROSPECTS

The Unaudited Interim Financial Information of the Existing OTAQ Group for the six months ended to 30 September 2019 set out in Section B of Part 11 of this Document shows total revenues of £1.757 million (including £0.704 million revenues from OTAQ Offshore and OTAQ Connectors), EBITDA of £0.315 million, an operating loss of £0.046 million and a loss before taxation of £0.143 million. The operating loss for the six months to 30 September 2019 is stated after charging £0.051 million amortisation of acquired intangible fixed assets. The order book for Sealfence at 30 September 2019 was 1,126 units. The interim period included the effect of the acquisition of OTAQ Connectors in line with the Enlarged Group strategy.

Despite the political unrest in Chile the Existing Oban Group continues to make good progress and levels of interest in Sealfence remain high.

The unaudited consolidated management accounts of the Existing OTAQ Group for the three months ended 31 December 2019 show revenues of £0.802 million of which £0.321 million was from acquisitions. EBITDA for the three months ended 31 December 2019 was £0.087 million and the operating loss before the amortisation of acquired intangible fixed assets was £0.092 million.

An analysis of the financial history of the Existing OTAQ Group including the interim period to 30 September 2019, is set out in this Part 8.

### 3. DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

#### 3.1 Revenues

The financial performance of the aquaculture business has two key drivers: the number of units installed on rental contracts with clients, and the operating expenses of the Enlarged Group needed to service these contracts including commercial activities and continuing product development.

Revenues on contracts are recognised over the life of the contract, commencing when a system is installed and operational. Certain contracts allow the customer to suspend the contract for a limited period for operational reasons, for example when fish are harvested. In this event, revenue is not recognised until the contract resumes. Some contracts include a non-refundable deposit payable by the customer; any deposits are not recognised as revenue until the end of the contract.

The table below outlines the growth of the number of Sealence units installed on rental from just 12 units at 1 April 2016 to 1,126 units at 30 September 2019 and the revenues generated by those units.

Revenues £'000 excluding the effect of acquisitions	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	6 Months to September 2019
Systems on rental at period end	169	418	900	1,126
Revenues excluding acquisitions*	£374	£919	£1,435	£1,053

\* Total revenues include ancillary charges such as repairs due to customer fault and decommissioning and re-installation at the customer's request for operational reasons.

The revenue figures above exclude the acquisition of OTAQ Offshore (previously named Marinesense) in November 2018 and OTAQ Connectors (formerly named Link Subsea) in April 2019. These acquisitions added £0.14 million to revenues during the year to 31 March 2019 and £0.70 million in the six months to 30 September 2019 (nil in the six months to 30 September 2018). Both acquired companies are profitable and have a successful track record in their markets.

#### 3.2 Costs of Sales

Costs included in costs of sales include materials consumed in servicing contracts, operational labour and overheads including travel to customer sites, and depreciation of systems installed and accounted for as fixed assets. The table below shows the evolution of costs of sales, excluding the effect of acquisitions:

Costs of Sales £'000 excluding the effect of acquisitions	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	6 Months to September 2019
Materials	£198	£54	£114	£167
Labour & Overheads	£138	£122	£181	£31
Depreciation	£60	£194	£300	£228
Other costs	£Nil	£Nil	£59	£39
Total	£396	£370	£654	£465
Gross (Loss)/Profit	£(22)	£549	£781	£588
Margin %	(5.9%)	59.7%	54.4%	55.8%

Material costs include costs of repairs, some of which are chargeable to customers, any charge being included in revenues. The year to 31 March 2017 included costs of repairing and replacing an earlier design of system that had failed in the field, a design issue now resolved.

Other costs include commissions on revenues received by OTAQ Chile on systems funded locally, an arrangement that has now ceased.

Costs classified as costs of sales of the acquired companies, excluded above, were £0.02 million in the year to 31 March 2019 and £0.28 million in the six months to 30 September 2019 (nil to 30 September 2018).

### 3.3 Operating Expenses

The growth in both the number of systems deployed and the geographic spread, the development of the technology in use by the Existing OTAQ Group, and the integration and management of acquisitions has necessitated an increasing cost base to manage a growing business. Operating expenses, which include commercial and product development costs but exclude costs added by acquisitions, are as set out below.

<b>Operating expenses £'000 excluding the effect of acquisitions</b>	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2018</b>	<b>Year ended 31 March 2019</b>	<b>6 Months to September 2019</b>
<b>Payroll including director fees</b>	£388	£584	£567	£394
<b>Travel costs</b>	£42	£152	£199	£122
<b>Professional fees including audit &amp; legal</b>	£77	£113	£168	£118
<b>Office rental and associated costs</b>	£50	£55	£88	£59
<b>Depreciation and amortisation</b>	£29	£54	£77	£117
<b>Other</b>	£34	£110	£51	£(17)
<b>Total</b>	£620	£1,068	£1,150	£793

The operating expenses of the acquired businesses in the year to 31 March 2019 and the 6 months to 30 September 2019 were £0.1 million and £0.26 million respectively. These figures are not included in the table above.

The six months to 30 September 2019 includes in operating expenses an amortisation charge of £0.05 million for the fair value of trademarks acquired in 2019 (year to 31 March 2019 nil).

### 3.4 Operating Result

Losses on ordinary activities before taxation have reduced from £0.66 million in the 12 months to 31 March 2017 to £0.37 million for the 12 months to 31 March 2019. The loss before taxation for the interim period to 30 September 2019 was £0.14 million (2018 £0.25 million) after a notional interest charge relating to the deferred costs of the acquisitions.

The nature of the aquaculture business is to procure and rent systems which are treated as fixed assets by the Existing OTAQ Group and depreciated over four years; costs therefore include an increasing charge for depreciation. EBITDA is therefore regarded as a key performance indicator by the Existing OTAQ Group. In the 12 months to 31 March 2017, EBITDA for the Existing OTAQ Group was a loss of £0.55 million; in the year to 31 March 2019 the EBITDA was a profit of £0.05 million. In the interim six-month period to 30 September 2019 the EBITDA was a profit of £0.31 million (September 2018 a loss of £0.08 million).

## 4. FINANCE COSTS

Finance income relates to interest earned on cash held at the bank and finance costs relate to interest charged on loans from shareholders.

## 5. INCOME TAX

Income tax includes both current and deferred tax expenses and income. The effective tax rate used to calculate the actual tax charge for the period differs from the applicable tax rate due to carried forward tax losses and to differences between accelerated tax allowances and amortisation and depreciation charged to the accounts of the Existing OTAQ Group. Deferred tax expenses or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and tax credits. These amounts are measured by applying to the corresponding temporary difference, the tax rate at which the asset is expected to be realised or the liability is expected to be settled.



## 6. RECOGNITION OF ASSETS

The Existing OTAQ Group has recorded an increase in net fixed assets in the consolidated balance sheet as a result of the investment in systems. As at 31 March 2017 net tangible fixed assets recorded were £0.28 million; this had increased to net tangible fixed assets of £1.67 million at 30 September 2019.

The Existing OTAQ Group invests in development of its technology and, where appropriate, costs are capitalised as intangible assets and amortised. The Existing OTAQ Group has also acquired rights to the intellectual property used in its systems which has been capitalised as an intangible asset and is subject to amortisation. In relation to acquisitions, an assessment of the fair value of assets acquired, including intangibles such as trade names, is assessed and a goodwill calculation made and the resulting goodwill added to the balance sheet as an intangible. The fair values of assets are depreciated or amortised whilst the goodwill is subject to impairment reviews.

## 7. LIQUIDITY AND CAPITAL RESOURCES

The funding of investment in rental assets, the consideration for acquisitions and losses before tax has been primarily through the issue of new ordinary shares in OTAQ GL. The issues of new ordinary shares in OTAQ GL for cash in the period from 16 January 2017 to the date of this document were as follows:

Date	No of shares	Price per share £
16 January 2017	755	1,000
12 September 2017	251	1,050
13 September 2017	68	1,050
31 October 2017	32	1,250
15 February 2018	254	1,150
23 March 2018	215	1,150
22 & 29 May 2018	30	1,150
19 – 24 July 2018	800	1,650
1 April 2019	550	1,900
<b>TOTAL</b>	<b>2,955</b>	

The total aggregate amount raised by OTAQ GL was £3,904,000 (net of expenses).

In addition to the shares listed above, shares were issued to the former owners of the acquired businesses and holders of minority stakes (in the case of OTAQ Chile) as a cost of the acquisitions:

### OTAQ Aquaculture

Date of consideration	OTAQ GL Shares issued
31 October 2017	32

### OTAQ Offshore

<b>Date of consideration</b>	<b>OTAQ GL Shares issued</b>
23 November 2018	151
23 November 2019	151
9 March 2020 (subject to Admission)	151

### OTAQ Connectors

<b>Date of consideration</b>	<b>OTAQ GL Shares issued</b>
29 April 2019	35
9 March 2020 (subject to Admission)	15

### OTAQ Chile

<b>Date of consideration</b>	<b>OTAQ GL Shares issued</b>
9 March 2020 (subject to Admission)	15

In May 2019, 15 shares in OTAQ GL were issued to Jagjit Mundi on conversion of a shareholder loan in the sum of £25,000 (twenty five thousand pounds) made by Jagjit Mundi to OTAQ GL on 23 January 2018 (the “**JM Loan**”).

OTAQ GL has been partly funded by 12 shareholder loans made between March 2018 and May 2019 (including the JM Loan). Save for the JM Loan, these remain outstanding; the table below sets out the original amount loaned excluding interest, and these are as follows (the “**Shareholder Loans**”):

<b>Name of Lender</b>	<b>Amount of Shareholder Loan</b>
3B Capital Limited	£75,000
Alice Poutney	£5,000
3B Capital Limited	£50,000
Charles Peel	£100,000
Nexus Central Management Services Limited	£50,000
Diane Newby	£10,000
David Poutney	£75,000
James Serjeant	£20,000
Enhansis Ltd	£25,000
Kirsten Gaymer	£35,000
D.J. Horrocks	£15,000
<b>Total</b>	<b>£460,000</b>

The total amount (inclusive of interest payable) outstanding on the Shareholder Loans at 31 January 2020 was £0.526 million comprising a total principal sum as set out above of £460,000 plus accrued interest of £0.066 million. Immediately following Admission, the Shareholder Loans (together with additional accrued interest up to the date of Admission will be repaid in full using the Net Placing Proceeds.

The evolution of the cash flows of OTAQ GL are set out below. The cash inflows and outflows include the effect of raising funds and costs of the recent acquisitions.

<b>Cash Flows £'000 post the effect of acquisitions</b>	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2018</b>	<b>Year ended 31 March 2019</b>	<b>6 Months to 30 September 2019</b>
<b>Cash flows from operating activities</b>	(224)	(318)	414	370
<b>Cash flows from investing activities</b>	(283)	(551)	(1,645)	(864)
<b>Cash flows from financing activities</b>	591	1,076	1,298	1,278
<b>Net movement in cash and cash equivalents</b>	84	207	67	784
<b>Cash and cash equivalents at the end of the period</b>	94	301	368	1,152

Cash flows from operations are the losses or profits excluding the effect of depreciation and amortisation, adjusted for changes in working capital.

Investing activities include the investment in systems that are procured and installed under contract and in the development of technology capitalised as intangibles. The year to 31 March 2019 included a net outflow of £229,000 for the acquisition of OTAQ Offshore, and the interim period to 30 September 2019 included a net outflow of £289,000 for the acquisition of OTAQ Connectors.

Financing activities include proceeds from issues of share capital and loans raised, net of expenses, and interest income and charges.

In the three months to 31 December 2019 the Existing OTAQ Group had an operating cash outflow of £0.337 million and net capex of £0.009 million. Included in the operating cash outflow was an amount of £0.32 million which was the increase in Sealfence units that are held in stock pending installation with customers and being reclassified as fixed assets. Neither the Company nor any other member of the Enlarged Group has any bank overdraft.

## **8. TREND INFORMATION**

Save for the changes of name of Marinesense Limited (to OTAQ Offshore Limited), Link Subsea Limited (to OTAQ Connectors Limited) and OTAQ Limited (to OTAQ Aquaculture Limited, no significant events have taken place since 30 September 2019. Events between the Historical Financial Information of 31 March 2019 and the Unaudited Interim Financial Information of the 30 September 2019 are fully recorded in that statement.

Save as set out in this Part 8, there has been no significant change in the markets in which the Enlarged Group operates since 30 September 2019.

## PART 9

### HISTORICAL FINANCIAL INFORMATION

#### SECTION A – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE EXISTING OTAQ GROUP

The following is the full text of a report on the Existing OTAQ Group from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.



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The Directors  
Hertsford Capital plc  
c/o Fladgate LLP  
16 Great Queen Street  
London  
WC2B 5DG

24 March 2020

Dear Sirs,

#### **OTAQ Group Limited and its subsidiary undertakings (the “Existing OTAQ Group”)**

We report on the historical financial information of the Existing OTAQ Group set out in Section B of Part 9 of the prospectus dated 24 March 2020 (“Prospectus”) of Hertsford Capital plc (the “Company”). This historical financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out at Note 3 to the historical financial information. In this letter, “Prospectus Regulation Rules” means the rules known as such as issued by the FCA under Part VI of FSMA and as amended, consolidated, re-enacted, or replaced from time to time implementing and incorporating *inter alia* the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament) and the Prospectus Supplementary Regulation (Commission Delegated Regulation (EU) 2019/980). This report is required by Rule 18 of Annex 1 of the Prospectus Regulation Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The directors of the Company (the “Directors”) are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 Rule 1.3 of Annex 1 of the Prospectus Regulation Rules, or consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations 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.

**Opinion**

In our opinion, the historical financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Existing OTAQ Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Rule 1.2 of Annex 1 of the Prospectus Regulation Rules and Rule 1.2 of Annex 11 of the Prospectus Regulation Rules.

Yours faithfully

**RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB

**SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE EXISTING  
OTAQ GROUP FOR THE THREE YEARS ENDED 31 MARCH 2019**

**EXISTING OTAQ GROUP**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Year to 31 March 2019 £000	Year to 31 March 2018 £000	Year to 31 March 2017 £000
<b>Revenue</b>	4	1,577	919	374
Cost of sales		(675)	(370)	(396)
<b>Gross profit/(loss)</b>		902	549	(22)
Administrative expenses		(1,245)	(1,068)	(620)
<b>Operating loss</b>	5	<b>(343)</b>	<b>(519)</b>	<b>(642)</b>
Finance expense	7	(26)	(9)	(17)
<b>Loss on ordinary activities before taxation</b>		(369)	(528)	(659)
Taxation	8	—	35	2
<b>Loss for the year and total comprehensive loss for the year</b>		(369)	(493)	(657)
<b>Attributable to:</b>				
The owners of the company		(365)	(487)	(601)
Non-controlling interests		(4)	(6)	(56)
		(369)	(493)	(657)

The losses for the three years ended 31 March 2019 arise from the group's continuing operations.

There were no other items of comprehensive income for the three years ended 31 March 2019 and therefore the loss for each year is also the total comprehensive loss for each year.

**EXISTING OTAQ GROUP**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued Equity capital £000	Share Premium £000	Other Reserve £000	Revenue Reserve £000	Net Equity for OTAQ Shareholders £000	Non- Controlling interests £000	Total Equity £000
<b>At 1 April 2016</b>	—	400	—	(130)	270	(62)	208
Loss for the year and total comprehensive loss for the year	—	—	—	(601)	(601)	(56)	(657)
Issue of share capital	—	755	—	—	755	—	755
<b>At 31 March 2017</b>	—	1,155	—	(731)	424	(118)	306
Loss for the year and total comprehensive loss for the year	—	—	—	(487)	(487)	(6)	(493)
Issue of share capital	—	871	—	—	871	—	871
Expenses of share issues	—	(36)	—	—	(36)	—	(36)
Reclassification	—	—	(122)	—	(122)	122	—
<b>At 31 March 2018</b>	—	1,990	(122)	(1,218)	650	(2)	648
Loss for the year and total comprehensive loss for the year	—	—	—	(365)	(365)	(4)	(369)
Deferred cost of acquisition of OTAQ Offshore	—	—	477	—	477	—	477
Issue of share capital	—	1,604	—	—	1,604	—	1,604
Expenses of share issues	—	(63)	—	—	(63)	—	(63)
<b>At 31 March 2019</b>	—	3,531	355	(1,583)	2,303	(6)	2,297

**EXISTING OTAQ GROUP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		At 31 March 2019 £000	At 31 March 2018 £000	At 31 March 2017 £000
	Notes			
<b>Assets</b>				
<i>Non-current assets</i>				
Plant and equipment	9	1,524	638	278
Goodwill	12	612	—	—
Intangible assets	10	903	213	189
		<u>3,039</u>	<u>851</u>	<u>467</u>
<i>Current assets</i>				
Inventories	13	537	284	62
Trade and other receivables	14	462	322	110
Income tax asset	15	54	35	—
Cash and cash equivalents	16	368	301	94
		<u>1,421</u>	<u>942</u>	<u>266</u>
<b>Total assets</b>		<u>4,460</u>	<u>1,793</u>	<u>733</u>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Trade and other payables	17	1,316	855	386
Income tax liability	18	17	—	—
Financial liabilities	19	321	279	17
		<u>1,654</u>	<u>1,134</u>	<u>403</u>
<i>Non-current liabilities</i>				
Deferred payment for acquisition	12	418	—	—
Deferred tax	18	90	—	—
Financial liabilities	19	1	11	24
		<u>509</u>	<u>11</u>	<u>24</u>
<b>Total liabilities</b>		<u>2,163</u>	<u>1,145</u>	<u>427</u>
<b>Net assets</b>		<u>2,297</u>	<u>648</u>	<u>306</u>
<b>Capital and reserves</b>				
Issued equity capital	20	—	—	—
Share premium	20	3,531	1,990	1,155
Other reserve	21	355	(122)	—
Non-controlling interests	21	(6)	(2)	(118)
Revenue reserve	22	(1,583)	(1,218)	(731)
<b>Total Equity</b>		<u>2,297</u>	<u>648</u>	<u>306</u>
<b>OTAQ GL shareholders' equity</b>		<u>2,303</u>	<u>650</u>	<u>424</u>



**EXISTING OTAQ GROUP**  
**CONSOLIDATED CASH FLOW STATEMENT**

	Year to 31 March 2019 £000	Year to 31 March 2018 £000	Year to 31 March 2017 £000
<b>Cash flows from operating activities</b>			
Loss after interest and tax	(369)	(493)	(657)
<i>Adjustments for:</i>			
Depreciation of tangible fixed assets	337	119	66
Amortisation of intangible assets	56	39	23
Loss on disposal of fixed assets	7	6	9
Interest Payable	26	9	—
Taxation Charge	—	(35)	(2)
<i>Changes in working capital:</i>			
(Increase)/decrease in inventories	(47)	(219)	99
(Increase) in trade and other receivables	—	(212)	(3)
Increase in trade payables and other payables excluding deferred revenue	304	525	186
(Decrease)/increase in deferred revenue	100	(57)	57
Cash inflow/(outflow) from operating activities	414	(318)	(222)
Tax paid	—	—	(2)
<b>Net cash inflow (outflow) from operating activities</b>	<b>414</b>	<b>(318)</b>	<b>(224)</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible fixed assets	9 (1,185)	(520)	(283)
Purchases of intangible fixed assets	10 (231)	(63)	—
Net cash on acquisition of OTAQ Offshore	12 (229)	—	—
Proceeds from the sale of plant and equipment	—	32	—
<b>Net cash outflow from investing activities</b>	<b>(1,645)</b>	<b>(551)</b>	<b>(283)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of ordinary share capital	20 1,355	871	755
Expenses of share issues	20 (63)	(36)	—
Proceeds from shareholder loan advances	51	260	—
Repayment of shareholder loans	—	—	(205)
Development loan (advance)	—	—	50
Development loan (repayment)	(15)	(17)	(9)
Hire purchase advance (repayment)	(4)	7	—
Interest paid on borrowings	(26)	(9)	—
<b>Net cash inflow from financing activities</b>	<b>1,298</b>	<b>1,076</b>	<b>591</b>
<b>Increase in cash and cash equivalents</b>	<b>67</b>	<b>207</b>	<b>84</b>
Cash and cash equivalents at the start of the year	301	94	10
<b>Cash and cash equivalents at the end of the year</b>	<b>368</b>	<b>301</b>	<b>94</b>

## EXISTING OTAQ GROUP

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. Reporting entity

OTAQ GL is a private company limited by shares, incorporated and domiciled in England. The address of its registered office is 8-3-4 Harpers Mill, South Road, White Cross, Lancaster, LA1 4XF.

The historical financial information presents the financial track record of OTAQ GL and its subsidiaries (together referred to as the “Existing OTAQ Group”) for the years ended 31 March 2019, 31 March 2018 and 31 March 2017.

The principal activity of the Existing OTAQ Group is the development, provision and support of marine technology for use in the aquaculture and offshore oil and gas industries.

The significant accounting policies adopted by the Existing OTAQ Group are set out in note 3.

#### 2. Basis of preparation

##### (a) *Statement of compliance*

This Historical financial information has been prepared in accordance with International Financial Reporting Standards and interpretation issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted by the European Union (IFRS).

##### (b) *Basis of measurement*

The historical financial information is prepared on the historical cost basis.

The methods used to measure fair values of assets and liabilities are discussed in the respective notes in note 3 below.

##### (c) *Going concern*

At 31 March 2019, the Existing OTAQ Group had net assets of approximately £2.3 million and cash of approximately £368,000. These amounts improved to approximately £3.3 million and £1.1 million as at 30 September 2019, the date of the unaudited interims contained in Part 11. The Directors have reviewed the Enlarged Group’s projected cash flows for a period of at least twelve months from the date of this document which demonstrates that, dependent on successful completion of the Acquisition, the Placing and the Re-admission, the Enlarged Group can meet its liabilities as they fall due. As such this consolidated historical financial information has been prepared on a going concern basis.

##### (d) *Functional and presentational currency*

The historical financial information is presented in pounds sterling, which is the Existing OTAQ Group’s functional currency. All financial information presented has been rounded to the nearest thousand.

##### (e) *Use of estimates and judgements*

The preparation of historical financial information requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual amounts could differ from those estimates. Estimates and judgements used in the preparation of the historical financial information are continually reviewed and revised as necessary. While every effort is made to ensure that such estimates and judgements are reasonable, by their nature they are uncertain and, as such, changes in estimates and judgements may have a material impact on the historical financial information.

The key sources of judgement and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

##### (i) *Taxation*

Management judgement is required to determine the amount of tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The carrying value of the

unrecognised deferred tax asset for tax losses and other timing differences at 31 March 2019 was £309,000 (2018: £214,000, 2017: £223,000). The value of the deferred tax liability not recognised at the year-end is £101,000 (2018: £49,000, 2017: £31,000). Further information is included in note 8.

(ii) *Revenue recognition*

Judgements are required as to whether and when contractual obligations have been fulfilled and in turn the period over which systems rental revenue should be recognised. Further information is included in note 3.

(iii) *Development costs*

Management judgement is required to determine the appropriate amount and timing of recognition as an asset development costs incurred on projects to improve and develop products for sale and rental by the group, based upon the likely timing and level of future revenues. The value of the development costs capitalised at 31 March 2019 was £329,000 (2018: £118,000, 2017: £120,000).

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented.

(a) *Basis of consolidation*

This historical financial information consolidates the historical financial information of OTAQ GL and the entities it controls (its subsidiaries) drawn up to 31 March each year.

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Existing OTAQ Group incurs in connection with a business combination are expensed as incurred.

All subsidiaries are entities over which OTAQ GL has the power to govern the financial and operating policies. The percentage holdings of OTAQ GL in its subsidiaries is set out in note 11. The subsidiaries have been fully consolidated from the date control passed.

All intra-group transactions, balances and unrealised gains on transactions between Existing OTAQ Group companies are eliminated on consolidation. The accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Existing OTAQ Group.

(b) *Foreign currency transactions*

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

(c) *Segmental reporting*

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, the operating results for which are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segmental information is set out in note 4.

(d) **Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Existing OTAQ Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or services, excluding discounts, rebates, VAT and other sales taxes or duties.

Revenue under service contracts is recognised on a straight-line basis over the period of the contract. Deposits received in advance are deferred and recognised at the end of the contract when applicable.

(e) **Government grants**

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions are met, usually on submission of a valid claim for payment.

Government grants of a revenue nature are deducted from administrative expenses in the consolidated statement of comprehensive income in line with the terms of the underlying grant agreement.

Government grants relating to capital expenditure are deducted in arriving at the carrying amount of the asset.

(f) **Lease payments**

Rentals payable under operating leases, which are leases where the lessor retains a significant proportion of the risks and rewards of the underlying asset, are charged in the consolidated statement of comprehensive income on a straight-line basis over the expected lease term.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) **Finance expense**

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised using the effective interest method.

(h) **Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantially enacted by the date and which are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which differences can be utilised. An asset is not recognised to the extent that the transfer or economic benefits in the future is uncertain.

(i) ***Property, plant and equipment***

Property, plant and equipment assets are recognised initially at cost. After initial recognition, these assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Cost comprises both the aggregate amount paid and the fair value of any other consideration given to acquire the asset, and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component.

The following bases and rates are used to depreciate classes of assets:

Systems for rental	—	straight line over 4 years
Plant and equipment	—	straight line over 4 to 5 years
Office Equipment	—	straight line over 2 years
Motor vehicles	—	straight line over 3 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

All property, plant and equipment is de-recognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the Consolidated statement of comprehensive income in the period of de-recognition.

(j) ***Intangible assets***

Intangible assets acquired either as part of a business combination or from contractual or other legal rights are recognised separately from goodwill, provided they are separable and their fair value can be measured reliably. This includes the costs associated with acquiring and registering patents in respect of intellectual property rights. Trademarks are assessed on recognising the fair value of assets acquired by calculating the future net book value of expected cash flows.

Where intangible assets recognised have finite lives, after initial recognition their carrying value is amortised on a straight-line basis over those lives. The nature of those intangibles recognised and their estimated useful lives are as follows:

Intellectual property licence	—	straight line over 4 years
Development costs	—	straight line over 6 years
Trademarks	—	straight line over 5 years

(k) ***Impairment of assets***

At each reporting date the Existing OTAQ Group reviews the carrying value of its plant, equipment and intangible assets to determine whether there is an indication that these assets have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the Existing OTAQ Group makes an assessment of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated 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. In determining fair value less costs of disposal, an appropriate valuation model is used,

these calculations corroborated by valuation multiples, or other available fair value indicators. Impairment losses on continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a valuation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The carrying values of plant, equipment, intangible assets and goodwill as at the reporting dates have not been subjected to impairment charges.

(l) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost based on latest contractual prices includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal. Provision is made for slow-moving or obsolete items.

(m) ***Trade and other receivables***

Trade receivables, which generally have 30-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. It is the Existing OTAQ Group's policy to assess receivables for recoverability on an individual basis and to make a provision where it is considered necessary. In assessing recoverability, the Existing OTAQ Group takes into account any indicators of impairment up to the reporting date. Historically, the need for bad debt provisions has been minimal with £nil of specific provision recognised in the year ended 31 March 2019 (31 March 2018: £nil, 31 March 2017: £nil).

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value determined using level 3 inputs. Trade and other receivables represent financial assets and are considered for impairment on an expected credit loss model.

Information about the impairment of trade receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 24.

(n) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at hand and deposits with maturities of three months or less.

(o) ***Trade and other payables***

Trade and other payables, other than short-term loans, are non-interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

(p) ***Provisions***

Provisions are recognised when the Existing OTAQ Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any expected reimbursement, but only where recoverability of such reimbursement is virtually certain.

Provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

There were no provisions at 31 March 2019 (2018: £nil, 2017: £nil).

(q) ***Financial assets and liabilities***

Financial assets and liabilities are recognised when the Existing OTAQ Group becomes party to the contracts that give rise to them and are classified as financial assets and liabilities at fair value through the Consolidated statement of comprehensive income. The Existing OTAQ Group determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at each financial year end.

A financial asset or liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

(r) ***Share capital***

Proceeds on issue of shares are included in shareholders' equity, net of transaction costs. The carrying amount is not re-measured in subsequent years.

(s) ***Defined contribution pension scheme***

The Existing OTAQ Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Existing OTAQ Group in an independently administered fund. The amounts charged to profits or loss represent the contributions payable to the scheme in respect of the accounting period.

(t) ***New accounting standards and interpretations***

**IFRS 9**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The company has retrospectively applied IFRS 9.

(i) ***Impairment***

IFRS 9 requires the company to record expected credit losses (ECLs) on its debt securities, loans, amounts due from settlement of both investments and trade receivables, either on a 12-month or lifetime basis. The company has determined that there is no material impact of ECLs on the historical financial information.

(ii) ***Hedge accounting***

The Existing OTAQ Group has not applied hedge accounting.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 came into effect for accounting periods beginning on or after 1 January 2018. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity is expected to be entitled to, in exchange for those goods or services.

Implementation of IFRS 15 had no significant impact on retained earnings at 1 April 2016 and statement of financial position as at 31 March 2017, 31 March 2018 and 31 March 2019, and its income statement for the years ended 31 March 2017, 31 March 2018 and 31 March 2019.

Both of these standards were effective as at 1 January 2019, but neither has had a significant effect on the historical financial information of the Existing OTAQ Group.

The following new standards, amendments to standards and interpretations are effective for annual periods commencing on or after 1 January 2019 and have not been applied in preparing the historical financial information; those that are relevant to the Existing OTAQ Group are summarised below. None of these are expected to have a significant effect on the historical financial information of the Existing OTAQ Group in the period of initial application.

The following standards and interpretations have an effective date after the date of this historical financial information.

	<u>Effective date</u>
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	1 January 2019

#### 4. Segmental information

##### Operating segments

At 31 March 2019, the Existing OTAQ Group operated in two primary segments, being the rental of intelligent acoustic systems designed to deter seals and sea lions from attacking fish farms (Aquaculture) and rentals of underwater measurement & leak detection devices in the Offshore (oil & gas) market. This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the CEO) to make decisions about resources, and for which financial information is available. All revenues have been generated from continuing operations and are from external customers.

At 31 March 2018 and 31 March 2017, the Existing OTAQ Group operated as one segment being the rental of intelligent acoustic systems designed to deter seals and sea lions from attacking fish farms (Aquaculture).

	<b>Year to 31 March 2019 £000</b>	<b>Year to 31 March 2018 £000</b>	<b>Year to 31 March 2017 £000</b>
<b>Revenue</b>			
Amounts earned from Aquaculture equipment rentals and associated charges	1,331	803	374
Amounts earned from Offshore equipment rentals	142	—	—
Product Sales and development income	104	116	—
	<b>1,577</b>	<b>919</b>	<b>374</b>

Included within amounts earned from system rentals and associated charges is revenue from two material customers of £770,000 and £485,000 (2018: two material customers of £403,000 and £120,000, 2017: one material customer of £320,000).



The Existing OTAQ Group operates in three main (2018: three, 2017: two) geographic areas, although all are managed in the UK. The Existing OTAQ Group's revenue per geographical segment based on each customer's location is as follows:

	Year to 31 March 2019 £000	Year to 31 March 2018 £000	Year to 31 March 2017 £000
<b>Revenue</b>			
UK	1,301	587	343
South America	178	268	—
Europe (excluding UK)	98	64	31
	<u>1,577</u>	<u>919</u>	<u>374</u>

The Existing OTAQ Group's assets are located in the UK and South America.

## 5. Operating loss

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
<b>The operating loss is stated after charging:</b>			
Depreciation (see note 9)	337	119	66
Grant Income	—	—	50
Research and development expenses	142	106	82
Amortisation of intangible assets (see note 10)	56	39	23
Operating lease rentals for buildings (see note 23)	41	23	18
Loan write off Mr PD Newby (see note 25)	40	—	—
Organisation development (training, coaching)	24	—	—
	<u>          </u>	<u>          </u>	<u>          </u>

## 6. Staff costs and numbers

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
Wages and salaries	834	590	440
Social security costs	66	34	22
Pension contributions	10	2	1
	<u>910</u>	<u>626</u>	<u>463</u>
Directors' remuneration (including benefits-in-kind) included in the aggregate remuneration above comprised:			
Emoluments for qualifying services	<u>339</u>	<u>310</u>	<u>141</u>

Directors' emoluments (excluding social security costs but including benefits-in-kind) disclosed above include £133,000 paid to the highest-paid director (2018: £124,000, 2017: £77,000).

Retirement benefits are accruing to two directors (2018: one director, 2017: one director).

The average number of employees during the year (including directors), was as follows:

	<b>31 March 2019 Number</b>	<b>31 March 2018 Number</b>	<b>31 March 2017 Number</b>
Directors	4	4	3
Other staff	11	7	6
	<b>15</b>	<b>11</b>	<b>9</b>

#### 7. Finance expense

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Bank and loan interest payable	25	8	17
Hire purchase interest payable	1	1	—
	<b>26</b>	<b>9</b>	<b>17</b>

#### 8. Income tax

The tax credit is made up as follows:

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b><i>Current income tax:</i></b>			
UK corporation tax for the year	18	—	—
Research and development income tax credit receivable	(18)	(35)	—
Adjustment in respect of prior year	—	—	(2)
Total current income tax	—	(35)	(2)

The tax assessed for the year varies from the standard rate of corporation tax as explained below:

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Reported loss on ordinary activities before taxation	(369)	(528)	(659)
Add back losses incurred in Chile	21	5	—
Add profits in acquired company pre acquisition	106	—	—
UK loss on ordinary activities before taxation	(242)	(523)	(659)
UK tax credit at standard rate of 19% (2018: 19%, 2017:20%)	(46)	(97)	(132)
Fixed asset differences	11	—	—
Expenses not deductible for tax	10	1	—
Deduction for R&D expenditure	—	(40)	(21)
Surrender of tax losses for R&D tax refund	—	17	—
Adjustment in respect of prior year	(19)	(87)	2
Changes in tax rate	4	7	23
Deferred Tax not recognised	40	164	130
<b>Tax credit in income statement</b>	<b>—</b>	<b>(35)</b>	<b>(2)</b>

Reductions in the main rate of corporation tax from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Existing OTAQ Group's future tax charge accordingly.

The Existing OTAQ Group has accumulated losses available to carry forward against future trading profits. The estimated value of the deferred tax asset, measured at a standard rate of 17% (2018: 17%, 2017: 17%) is £309,000 (2018: £214,000, 2017: £223,000), of which £nil (2018: £nil, 2017: £nil) has been recognised, as it is not certain that future taxable profits will be available against which the unused tax losses can be utilised.

The Existing OTAQ Group also has a deferred tax liability being accelerated capital allowances, for which the tax, measured at a standard rate of 17% (2018: 17%, 2017: 17%), is £101,000 (2018: £49,000, 2017: £31,000) and which has not been recognised, as it is covered by accumulated tax losses.

## 9. Property, Plant and Equipment

	Systems for Rental £000	Plant and equipment £000	Motor vehicles £000	Total £000
<i>Cost:</i>				
<b>At 31 March 2016</b>	<b>30</b>	<b>91</b>	<b>—</b>	<b>121</b>
Additions	268	13	2	283
Disposals	—	(10)	—	(10)
<b>At 31 March 2017</b>	<b>298</b>	<b>94</b>	<b>2</b>	<b>394</b>
Additions	489	21	10	520
Disposals	(39)	(58)	—	(97)
<b>At 31 March 2018</b>	<b>748</b>	<b>57</b>	<b>12</b>	<b>817</b>
Additions	1,147	28	10	1,185
Acquisition	35	2	8	45
Disposals	—	(24)	—	(24)
<b>At 31 March 2019</b>	<b>1,930</b>	<b>63</b>	<b>30</b>	<b>2,023</b>
<i>Depreciation:</i>				
<b>At 31 March 2016</b>	<b>8</b>	<b>43</b>	<b>—</b>	<b>51</b>
Provided during the year	43	26	—	69
Eliminated on disposals	—	(1)	—	(1)
<b>At 31 March 2017</b>	<b>51</b>	<b>68</b>	<b>—</b>	<b>119</b>
Provided during the year	104	13	2	119
Eliminated on disposals	(7)	(52)	—	(59)
<b>At 31 March 2018</b>	<b>148</b>	<b>29</b>	<b>2</b>	<b>179</b>
Provided during the year	311	16	10	337
Eliminated on disposals	—	(15)	(1)	(16)
<b>At 31 March 2019</b>	<b>458</b>	<b>30</b>	<b>11</b>	<b>499</b>
<i>Net book value:</i>				
<b>At 31 March 2019</b>	<b>1,472</b>	<b>33</b>	<b>19</b>	<b>1,524</b>
At 31 March 2018	600	28	10	638
At 31 March 2017	250	26	2	278

As at 31 March 2019, assets with a net book value of £5,000 (2018: £8,000, 2017: £nil) were held under hire purchase agreements. Depreciation of £3,000 (2018: £3,000, 2017: £nil) was charged on these assets during the year.

10. Intangible assets (see also note 12)

	Trademarks £000	IP Licence £000	Development costs £000	Total £000
<i>Cost:</i>				
<b>At 31 March 2016</b>	—	92	120	212
Additions	—	—	—	—
<b>At 31 March 2017</b>	—	92	120	212
Additions	—	50	13	63
<b>At 31 March 2018</b>	—	142	133	275
Additions	—	—	231	231
Acquisition related	515	—	—	515
<b>At 31 March 2019</b>	<b>515</b>	<b>142</b>	<b>364</b>	<b>1,021</b>
<i>Amortisation:</i>				
<b>At 31 March 2016</b>	—	—	—	—
Charge for the year	—	23	—	23
<b>At 31 March 2017</b>	—	23	—	23
Charge for the year	—	24	15	39
<b>At 31 March 2018</b>	—	47	15	62
Charge for the year	—	36	20	56
<b>At 31 March 2019</b>	—	<b>83</b>	<b>35</b>	<b>118</b>
<i>Net book value:</i>				
<b>At 31 March 2019</b>	<b>515</b>	<b>59</b>	<b>329</b>	<b>903</b>
At 31 March 2018	—	95	118	213
At 31 March 2017	—	69	120	189

Intellectual property licences are amortised on a straight-line basis over four years, trademarks on a straight-line basis over five years and development costs on a straight-line basis over six years. Amortisation provided during a period is recognised in administrative expenses.

## 11. Investment in subsidiaries

OTAQ GL's subsidiaries at 31 March 2019, 31 March 2018 and 31 March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Existing OTAQ GL. The country of incorporation or registration is also the principal place of business.

<u>Subsidiary undertakings</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Class of shares held</u>	<u>31 March 2019</u>	<u>31 March 2018</u>	<u>31 March 2017</u>
OTAQ Limited	Scotland	Fish farm security	Ordinary	100%	100%	100%
OTAQ Chile SpA	Chile	Fish farm security	Ordinary	80%	80%	80%
OTAQ Offshore Limited*	Scotland	Rental and Sale to Offshore Oil and Gas Industry	Ordinary	100%	—	—
OTAQ Pty Ltd	Australia	Dormant	Ordinary	100%	100%	100%

### *By subsidiary*

\* The entire issued share capital of OTAQ Offshore (formerly named Marinesense Limited) was acquired on 23 November 2018 (see note 12).

All subsidiary undertakings were included in the consolidation. OTAQ GL does not have any shareholdings in the preference shares of subsidiary undertakings.

## 12. Acquisition of subsidiary

### (a) *Summary of acquisition*

On 23 November 2018, OTAQ GL acquired 100% of the issued share capital of OTAQ Offshore, formerly Marinesense Limited, a developer and lessor of measuring equipment and cameras equipment for underwater use by the offshore industry. Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration:

	<u>£000</u>
Cash paid	250
Ordinary shares issued	249
Deferred consideration, including:	
Cash	230
Shares	477
Contingent consideration	188
Total purchase consideration	<u>1,394</u>

The deferred consideration consists of 151 shares issuable to the former owners of OTAQ Offshore on the first anniversary of the acquisition, a deferred cash payment as shown due on the second anniversary of completion, and a final payment of 151 shares on the third anniversary of completion.

Details of the contingent consideration are set out in (b) below.

The fair value of each of the 151 shares issued as part of the consideration paid for OTAQ Offshore at the completion date was £1,650, the price prevailing at the time. The fair value of 302 deferred consideration shares was based on the company's share price of £1,900 per share determined as a result of a valuation performed in April 2019.

The fair value of the deferred cash payment and the contingent consideration, totalling £418,000, are included in financial liabilities. See also note 19. The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value £000</b>
Tangible Fixed Assets	45
Intangible asset: trademarks	515
Inventories	206
Accounts receivable	140
Cash	21
Liabilities	(57)
Deferred Tax on intangibles recognised	(88)
	<hr/>
Net identifiable assets acquired	782
Add: Goodwill	612
	<hr/>
Net assets acquired	1,394
	<hr/> <hr/>

Fair value adjustments were made to recognise OTAQ Offshore's trademarks on acquisition.

The goodwill is attributable to the knowledge and the high profitability of the acquired business. It will not be deductible for tax purposes.

(b) ***Significant estimate: contingent consideration***

In the event that on the third anniversary of completion, the market value of OTAQ GL's shares is less than £3,320 per share, a sum up to £250,000 might be payable to the previous owners. The fair value of the contingent consideration of £188,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 10% and assumed the market value of company's shares on the third anniversary of completion of £1,900 per share.

In the event that certain pre-determined earnings before interest and taxes (EBIT) are achieved by the subsidiary for the year ending 31 March 2020, additional consideration of up to £150,000 might be payable in cash once the subsidiary's audited accounts for the year ending 31 March 2020 are available. The Directors believe that the current forecast for OTAQ Offshore means that this earn-out will not be achieved.

(c) ***Acquired receivables***

The fair value of acquired receivables is £140,000. The gross contractual amount for trade receivables due is £140,000, none of which is expected to be uncollectible.

(d) ***Material intangible assets***

The trademarks held by OTAQ Offshore are material to the Group. On average, these trademarks have a remaining amortisation period of five years.

(e) ***Revenue and profit contributions***

The acquired business contributed revenues of £142,000 and profit after tax of £7,000 to the Existing OTAQ Group for the period from 23 November 2018 to 31 March 2019.

If the acquisition had occurred on 1 April 2018, consolidated revenue and profit for the year ended 31 March 2019 would have been higher by £339,000 and £107,000 respectively. Revenue and loss for the year ended 31 March 2019 would therefore have been £1,916,000 and £262,000 respectively.

(f) *Purchase consideration – cash outflow*

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Outflow of cash to acquire subsidiary, net of cash acquired</b>			
Cash consideration	250	—	—
Less: cash acquired	(21)	—	—
Net outflow of cash – investing activities	<u>229</u>	<u>—</u>	<u>—</u>

(g) *Acquisition-related costs*

Acquisition-related costs of £24,000 (2018: £nil, 2017: £nil) that were not directly attributable to the issue of shares are included in administrative expenses in profit or loss and in operating cash flows in the consolidated statement of cash flows.

**13. Inventories**

	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Stock	536	75	30
Work in progress	1	209	32
	<u>537</u>	<u>284</u>	<u>62</u>

Inventories at 31 March 2019 include £206,000 of OTAQ Offshore inventories (2018: £nil, 2017: £nil).

**14. Trade and other receivables**

	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade receivables	370	179	59
Prepayments	57	43	11
Other receivables	35	100	40
	<u>462</u>	<u>322</u>	<u>110</u>

Trade receivables are non-interest bearing and are generally due and paid within 30 days. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and that no impairment is required at the reporting dates. Trade and other receivables represent financial assets and are amortised for impairment on an expected credit loss model. Therefore, there is no provision for impairment at 31 March 2019 (31 March 2018: £nil, 31 March 2017: £nil).

Trade receivables at 31 March 2019 include £140,000 for OTAQ Offshore (2018: £nil, 2017: £nil).



**15. Income tax asset**

	As at 31 March 2019 £000	As at 31 March 2018 £000	As at 31 March 2017 £000
Research and development income receivable	54	35	—
	<b>54</b>	<b>35</b>	<b>—</b>

**16. Cash and cash equivalents**

	As at 31 March 2019 £000	As at 31 March 2018 £000	As at 31 March 2017 £000
Cash and cash equivalents	368	301	94
	<b>368</b>	<b>301</b>	<b>94</b>

An analysis of cash and cash equivalents and deposits by denominated currency is given in note 24.

**17. Trade and other payables**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

	As at 31 March 2019 £000	As at 31 March 2018 £000	As at 31 March 2017 £000
Trade payables	396	361	140
Other payables	74	38	69
Deferred revenue	185	85	57
Accruals	661	371	120
	<b>1,316</b>	<b>855</b>	<b>386</b>

Trade and other payables at 31 March 2019 include £57,000 for OTAQ Offshore (2018: £nil, 2017: £nil).

**18. Income tax liability**

	As at 31 March 2019 £000	As at 31 March 2018 £000	As at 31 March 2017 £000
<b>Corporation tax liability</b>			
Taxation on profits	17	—	—
<b>Deferred tax liability</b>			
Deferred Taxation due to timing differences	2	—	—
Deferred Taxation on intangibles recognised at acquisition	88	—	—
	<b>90</b>	<b>—</b>	<b>—</b>

## 19. Financial liabilities

	As at 31 March 2019 £000	As at 31 March 2018 £000	As at 31 March 2017 £000
<i>Current</i>			
Interest-bearing loans	311	260	—
Development loan	8	16	17
Hire purchase	2	3	—
	<b>321</b>	<b>279</b>	<b>17</b>
<i>Repayable between one and five years</i>			
Deferred payment for acquisition	418	—	—
Deferred tax	2	—	—
Development loan	—	7	24
Hire purchase liability	1	4	—
	<b>421</b>	<b>11</b>	<b>24</b>

The deferred payment for acquisition relates to the acquisition in November 2018 of OTAQ Offshore. Consideration for the acquisition was partly in shares and partly in cash. See note 12.

The interest-bearing loans are due to various shareholders, include interest accrued and are repayable within 12 months. Interest is charged on the loans at an interest rate of 10% per annum. The loans were taken out as follows:

- £180,000 in January 2018
- £80,000 in March 2018
- £25,000 in May 2018

In all cases, as the loans have become due, they have each been rolled over for a further 12 months.

The development loan originally totalled £50,000 and comprised two tranches of £25,000. Each tranche was repayable over 36 months and bears interest at 4% per annum. The loan has been fully repaid since 31 March 2019.

The hire purchase liability is repayable over 36 months and bears interest at the rate of 8% per annum.

## 20. Issued share capital

	Ordinary shares Number	Share capital £000	Share premium £000	Total £000
<i>Allotted, called up and fully paid ordinary shares of 3.125 pence</i>				
<b>As at 31 March 2016</b>	<b>20</b>	—	<b>400</b>	<b>400</b>
Share subdivision	620	—	—	—
Shares issued for cash	755	—	755	755
<b>As at 31 March 2017</b>	<b>1,395</b>	—	<b>1,155</b>	<b>1,155</b>
Shares issued for cash	820	—	871	871
Expenses of share issues	—	—	(36)	(36)
<b>As at 31 March 2018</b>	<b>2,215</b>	—	<b>1,990</b>	<b>1,990</b>
Shares issued as part of acquisition	151	—	249	249
Shares issued for cash	830	—	1,355	1,355
Expenses of share issues	—	—	(63)	(63)
<b>As at 31 March 2019</b>	<b>3,196</b>	—	<b>3,531</b>	<b>3,531</b>

The balances classified as share capital and share premium include the total net proceeds (nominal value and share premium respectively) on issue of the company's equity share capital, comprising ordinary shares.

### Share issues in the year to March 2019

During April 2018, OTAQ GL raised gross proceeds of £34,500 through the issue of 30 ordinary shares at an issue price of £1,150 per share.

During July 2018, OTAQ GL raised gross proceeds of £1,320,000 through the issue of 800 ordinary shares at an issue price of £1,650 per share.

Expenses associated with above shares issued in the year to 31 March 2018 totalled £63,000 and have been deducted from share premium.

On 20 November 2018, OTAQ GL issued 151 shares valued at £1,650 per share with a combined value of £249,000, being part of the consideration for the acquisition of OTAQ Offshore. See also note 12.

### Share issues in the year to 31 March 2018

On 12 September 2017, OTAQ GL raised gross proceeds of £264,000 through the issue of 251 ordinary shares at an issue price of £1,050 per share.

On 13 September 2017, OTAQ GL raised gross proceeds of £68,000 through the issue of 68 ordinary shares at an issue price of £1,000 per share.

Between 15 February 2017 and 23 March 2018, OTAQ GL raised gross proceeds of £539,000 through the issue of 469 ordinary shares at an issue price of £1,150 per share.

Expenses associated with above shares issued in the year to 31 March 2018 totalled £36,000 and have been deducted from share premium.

On 31 October 2017, OTAQ GL issued 32 shares at an issue price of £0.0778125 per share, in consideration for the 249 ordinary shares in OTAQ (Scotland) Limited previously held by a minority shareholder.

### Share issues in the year to March 2017

On 11 January 2017 each ordinary share of £1 was sub-divided into 32 ordinary shares with a nominal value of 3.125 pence each.

Between 16 and 23 January 2017, OTAQ Group Limited raised gross proceeds of £755,000 through the issue of 755 ordinary shares at an issue price of £1,000 per share.

## 21. Non-controlling interests and other reserves

	<b>Non- controlling interests £000</b>	<b>Other reserve £000</b>
<b>At 31 March 2016</b>	(62)	—
Minority interest's share of the loss for the year	(56)	—
	<u>(118)</u>	<u>—</u>
<b>At 31 March 2017</b>	<b>(118)</b>	—
Minority interests' share of the loss for the year	(6)	—
Reclassify reserve following the acquisition of the minority interest in OTAQ Limited	122	(122)
	<u>(2)</u>	<u>(122)</u>
<b>At 31 March 2018</b>	<b>(2)</b>	<b>(122)</b>
Minority interests' share of the loss for the year	(4)	—
Deferred shares to be issued	—	477
	<u>(6)</u>	<u>355</u>
<b>At 31 March 2019</b>	<b>(6)</b>	<b>355</b>

The balance classified as non-controlling interests represents the cumulative losses attributable to the ongoing non-controlling interests in OTAQ Chile SpA.

The balance classified as other reserve represents the cumulative losses attributable to the interests of minorities in OTAQ (Scotland) Limited prior to its acquisition by OTAQ GL on 31 October 2018 and the value of deferred shares to be issued as part of the consideration for OTAQ Offshore. See note 12.

## 22. Revenue reserve

	<u>£000</u>
<b>At 31 March 2016</b>	<b>(130)</b>
Loss for the year	(601)
	<u><u>          </u></u>
<b>At 31 March 2017</b>	<b>(731)</b>
Loss for the year	(487)
	<u><u>          </u></u>
<b>At 31 March 2018</b>	<b>(1,218)</b>
Loss for the year	(365)
	<u><u>          </u></u>
<b>At 31 March 2019</b>	<b>(1,583)</b>
	<u><u>          </u></u>

The revenue reserve represents the cumulative losses attributable to the equity holders of OTAQ GL.

## 23. Commitments

### *Operating lease commitments*

The Existing OTAQ Group leases premises under non-cancellable operating lease agreements. The future aggregate minimum lease and service charge payments under non-cancellable operating leases are as follows:

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Land and buildings:			
Not later than one year	16	22	15
After one year but not more than five years	—	16	6
	<u><u>16</u></u>	<u><u>38</u></u>	<u><u>21</u></u>

### *Capital commitments*

The Existing OTAQ Group was committed to the following capital expenditure contracted in each financial year:

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Capital Commitments</b>	<u><u>149</u></u>	<u><u>940</u></u>	<u><u>—</u></u>

## 24. Financial risk management

### **Overview**

This note presents information about the Existing OTAQ Group's exposure to various kinds of financial risks, the group's objectives, policies and processes for measuring and managing risk, and the Existing OTAQ Group's management of capital.

The board has overall responsibility for the establishment and oversight of the Existing OTAQ Group's risk management framework. The executive directors report regularly to the board on Existing OTAQ Group risk management.

### **Capital risk management**

The Existing OTAQ Group reviews its forecast capital requirements regularly to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the OTAQ GL consists of equity attributable to equity holders of the Company, comprising issued share capital, share premium, other reserve and retained earnings as disclosed in notes 20 to 22 and in the consolidated statement of changes in equity. Total equity attributable to OTAQ equity holders was £2,303,000 at 31 March 2019 (£650,000 at 31 March 2018, £424,000 at 31 March 2017).

The OTAQ GL is not subject to externally imposed capital requirements.

### **Liquidity risk**

The Existing OTAQ Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Existing OTAQ Group's reputation.

The Existing OTAQ Group manages all of its external bank relationships centrally. Any material change to the Existing OTAQ Group's principal banking facility requires board approval.

### **Categorisation of financial instruments**

<b>Financial assets/(liabilities)</b>	<b>Loans and receivables £000</b>	<b>Financial liabilities at amortised cost £000</b>	<b>Total £000</b>
<b>31 March 2019</b>			
Trade receivables	370	—	370
Cash and cash equivalents	368	—	368
Trade and other payables*	—	(470)	(470)
Loans	—	(322)	(322)
Deferred payment for Acquisition	—	(418)	(418)
	<b>738</b>	<b>(1,210)</b>	<b>(472)</b>
<b>31 March 2018</b>			
Trade receivables	179	—	179
Cash and cash equivalents	301	—	301
Trade and other payables *	—	(399)	(399)
Loans	—	(260)	(260)
Financial liabilities	—	(31)	(31)
	<b>480</b>	<b>(690)</b>	<b>(210)</b>
<b>31 March 2017</b>			
Trade receivables	59	—	59
Cash and cash equivalents	94	—	94
Trade and other payables *	—	(209)	(209)
Loans	—	—	—
Financial liabilities	—	(41)	(41)
	<b>153</b>	<b>(250)</b>	<b>(97)</b>

\*Excluding accruals and deferred revenue

The values disclosed in the above table are carrying values. The Directors consider that the carrying amount of financial assets and liabilities approximates to their fair value.

The board of directors reviews and agrees policies for managing credit risk and foreign currency risk which are summarised below.

### ***Credit risk***

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Existing OTAQ Group and the risk that any debtors of the Existing OTAQ Group may default on amounts due to the Existing OTAQ Group. The Existing OTAQ Group's principal financial assets are trade receivables, other debtors, and cash equivalents.

The Existing OTAQ Group has a policy of only dealing with creditworthy counterparties. All trade receivables are ultimately overseen by the director responsible for finance and are managed on a day-to-day basis by the finance team. Credit limits are set as deemed appropriate for each customer. The Existing OTAQ Group had £370,000 of trade receivables at the year ended 31 March 2019 (31 March 2018: £179,000, 31 March 2017: £59,000). The Existing OTAQ Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, management also considers the factors that may influence the credit risk of its customer or counterparty base, including the default risk associated with the industry and country in which the customer or counterparty operates. The maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the balance sheet date.

### ***Foreign currency risk***

The Existing OTAQ Group has limited exposure to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Existing OTAQ Group. The risk is in respect of Euros (EUR) and Chilean Pesos (CLP). Transactions outside these currencies are limited.

The group may use forward exchange contracts as an economic hedge against currency risk, where cash flow can be judged with reasonable certainty. Foreign exchange swaps and options may be used to hedge foreign currency receipts in the event that the timing of the receipt is less certain. There were no open forward contracts as at 31 March 2019 or at 31 March 2018 or at 31 March 2017 and the group did not enter into any such contracts during 2019 nor 2018 nor 2017.

The split of the Existing OTAQ Group assets between Sterling and other currencies at the year-end is analysed as follows:

	2019			2018			2017				
	GBP	CLP	EUR	GBP	CLP	EUR	GBP	EUR	Total		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Cash and cash equivalents	323	25	20	368	266	27	8	301	93	1	94
Trade receivables	337	15	18	370	108	52	19	179	59	—	59
Trade payables	(316)	(80)	—	(396)	(361)	—	—	(361)	(140)	—	(140)
	<b>344</b>	<b>(40)</b>	<b>38</b>	<b>342</b>	<b>13</b>	<b>79</b>	<b>27</b>	<b>119</b>	<b>12</b>	<b>1</b>	<b>13</b>

### ***Sensitivity analysis to movement in exchange rates***

Given the immaterial asset and liability balances denominated in foreign currency, the exposure to a change in exchange rates is negligible.

### *Interest rate risk*

The Existing OTAQ Group's external borrowings are at fixed interest rates, therefore the risk is limited to the reduction in interest received on cash surpluses held at bank which receive a floating rate of interest. The principal impact to the Existing OTAQ Group is the result of interest-bearing cash and cash equivalent balances held as set out below:

	31 March 2019			31 March 2018			31 March 2017		
	Fixed rate £000	Floating rate £000	Total £000	Fixed rate £000	Floating rate £000	Total £000	Fixed rate £000	Floating rate £000	Total £000
Cash and cash equivalents	—	368	368	—	301	301	—	94	94
Financial liabilities	(322)	—	(322)	(291)	—	(291)	(41)	—	(41)
	<b>(322)</b>	<b>368</b>	<b>46</b>	<b>(291)</b>	<b>301</b>	<b>10</b>	<b>(41)</b>	<b>94</b>	<b>53</b>

### *Maturity profile*

Set out below is the maturity profile of the group's financial liabilities at each year-end based on contractual undiscounted payments including contractual interest.

	2019		
	Less than 1 year £000	1 to 5 years £000	Total £000
<i>Financial liabilities</i>			
Trade and other payables *	470	—	470
Financial liabilities	321	1	322
	<b>791</b>	<b>1</b>	<b>792</b>
2018	Less than		
	1 year £000	1 to 5 years £000	Total £000
<i>Financial liabilities</i>			
Trade and other liabilities *	399	—	399
Financial liabilities	280	11	291
	<b>679</b>	<b>11</b>	<b>690</b>
2017	Less than		
	1 year £000	1 to 5 years £000	Total £000
<i>Financial liabilities</i>			
Trade and other liabilities *	209	—	209
Financial liabilities	17	24	41
	<b>226</b>	<b>24</b>	<b>250</b>

\*Excluding accruals. Trade and other payables are due within three months.

The Directors consider that the carrying amount of the financial liabilities approximates to their fair value.

As all financial assets are expected to mature within the next twelve months, an aged analysis of financial assets has not been presented.



## 25. Related-party transactions

### Transactions with shareholders and companies controlled by directors

The following transactions with shareholders and companies controlled by directors of the Company were recorded, excluding VAT, during the year:

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000
<i>Charges incurred during the year</i>			
<b>ROS Technology Limited</b> – a company controlled by a director			
For management charges invoiced	1	53	68
<b>Parkfield (Barrow) Limited</b> – a company controlled by a director			
For goods and services (credited)/invoiced	—	(3)	128
<b>Corsie Technology Limited</b> – a company controlled by a director			
For goods and services provided	81	85	83
<b>Enhansis</b> – a company controlled by a director			
For goods and services provided	—	21	—
<b>Mont Joly</b> – a company controlled by a director			
For goods and services provided	65	21	—
<b>Atlantis</b> – a company controlled by a director			
For goods and services provided	—	26	—
<i>Balances at the end of the year</i>			
<b>ROS Technology Limited</b> – a company controlled by a director			
Invoices payable by the Existing OTAQ Group	—	10	11
Accruals payable by the Existing OTAQ Group		—	4
<b>Parkfield (Barrow) Limited</b> – a company controlled by a director			
Invoices payable by the Existing OTAQ Group	—	—	20
<b>Corsie Technology Limited</b> – a company controlled by a director			
Invoices payable by the Existing OTAQ Group	—	—	11
<b>Enhansis</b> – a company controlled by a director			
Invoices payable by the Existing OTAQ Group	—	9	—
<b>Trucial Energy Limited</b> – a company having common shareholders			
Invoices payable to the Existing OTAQ Group	—	—	40
Invoices payable by the Existing OTAQ Group		—	37
<b>Mr P D Newby</b> – a director			
Debt due to the Existing OTAQ Group	—	40	—
<b>Various shareholders</b>			
Short-term loans payable by the Existing OTAQ Group	311	260	—

## 26. Compensation of key management personnel (including directors)

	2019 £000	2018 £000	2017 £000
Employment costs	470	371	249
Pension costs	4	—	—
	<b>474</b>	<b>371</b>	<b>249</b>

## 27. Events subsequent to the reporting period

### (a) *Issue of new ordinary shares*

During April 2019, 550 new ordinary shares were issued, raising £993,000 net of fees; in addition, 15 new shares were issued to Mr J. Mundi, a director, in satisfaction of a loan made by him to the company.

### (b) *Further debt funding*

During May 2019, debt funding was raised, totalling £192,000 after fees, partially from existing shareholders to fund future expansion.

### (c) *Ownership of OTAQ Chile*

During May 2019, the holder of 20% of the issued share capital of OTAQ Chile agreed to sign over to OTAQ GL half of his shares, to the effect that the non-controlling interest was reduced to 10% of the company, OTAQ GL owning 90%. Negotiations on extending the ownership of OTAQ Chile by the group to 100% continue; the Directors believe that this will result in a small number of OTAQ GL shares being issued to the other shareholder in Chile as part of this arrangement in due course.

### (d) *Acquisition of OTAQ Connectors*

On 29 April 2019, OTAQ GL acquired 100% of the issued share capital of OTAQ Connectors (formerly named Link Subsea Limited), a supplier of connectors, penetrators and underwater communication products for the offshore, seismic, commercial, diving and nuclear energy industries. The acquisition has significantly increased the group's market share in these markets. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

	<b>£000</b>
Cash paid	642
Ordinary shares issued	66
Deferred consideration, including:	
Cash	87
Shares	25
	<hr/>
Total purchase consideration	820
	<hr/> <hr/>

The deferred consideration consists of eight shares to be issued to the former owners of OTAQ Connectors plus half of the deferred cash payment; on the first anniversary of the acquisition a further seven shares will be issued together with a final payment of the balance of the deferred cash payment on the second anniversary of completion.

There is no contingent consideration.

The fair value of the 35 shares issued as part of the consideration paid for OTAQ Connectors at the completion date (see Note 20 "Issued share capital"), as well as the fair value of 15 deferred consideration shares was based on the company's share price of £1,900 per share determined as a result of a Valuation performed in April 2019.

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value £000</b>
Property	3
Plant and machinery	4
Office equipment	1
Inventories	60
Account receivables	174
Cash	354
Trade payables	(65)
Payroll Taxation	(2)
Other employee benefit obligations	(3)
Corporate tax liability	(115)
VAT Liability	(10)
	<hr/>
Net identifiable assets acquired	401
Add: Goodwill	419
	<hr/>
Net assets acquired	820
	<hr/> <hr/>

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

OTAQ Connectors manufactures a range of industry-standard products and has not historically used trade names, so the directors consider there are no intangibles to be recognised at fair value.

The fair value of acquired receivables is £174,000. The gross contractual amount for trade receivables due is £174,000, none of which is expected to be uncollectible.

The net purchase consideration to acquire OTAQ Connectors, being the outflow of cash less cash acquired was £289,000.

- (e) On 7 February 2020, Marinesense Limited changed its name to OTAQ Offshore Limited and OTAQ Limited changed its name to OTAQ Aquaculture Limited.
- (f) ***Incorporation of Oceansense Limited***

Oceansense Limited was incorporated on 7 August 2019, is a wholly-owned subsidiary of OTAQ GL, and has not traded since incorporation.

## SECTION C: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF OTAQ CONNECTORS

The following is the full text of a report on OTAQ Connectors from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.



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The Directors  
Hertsford Capital plc  
c/o Fladgate LLP  
16 Great Queen Street  
London  
WC2B 5DG

24 March 2020

Dear Sirs,

### **OTAQ Connectors Limited**

We report on the historical financial information of OTAQ Connectors Limited (“OTAQ Connectors”) set out in Section D of Part 9 of the prospectus dated 24 March 2020 (“Prospectus”) of Hertsford Capital plc (the “Company”). This historical financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out at Note 2 to the historical financial information. In this letter, “Prospectus Regulation Rules” means the rules known as such as issued by the FCA under Part VI of FSMA and as amended, consolidated, re-enacted, or replaced from time to time implementing and incorporating *inter alia* the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament) and the Prospectus Supplementary Regulation (Commission Delegated Regulation (EU) 2019/980). This report is required by Rule 18 of Annex 1 of the Prospectus Regulation Rules and is given for the purpose of complying with that paragraph and for no other purpose.

### **Responsibilities**

The directors of the Company (the “Directors”) are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 Rule 1.3 of Annex 1 of the Prospectus Regulation Rules, or consenting to its inclusion in the Prospectus.

### **Basis for qualified opinion**

The audit evidence available to us with respect to inventory balances at 31 December 2016, 31 December 2017 and 31 March 2019 was limited due to the circumstances described below:

***For the year ended 31 December 2016***

With respect to inventory having a carrying value of £32,500, the audit evidence available to us was limited because the financial statements for the year ended 31 December 2016 were unaudited and therefore there was no auditor attendance at the counting of physical inventories at 31 December 2016 or at the opening balance sheet date. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 December 2016 were necessary and therefore also to cost of sales for the year ended 31 December 2016.

***For the year ended 31 December 2017***

With respect to inventory having a carrying value of £37,200, the audit evidence available to us was limited because the financial statements for the year ended 31 December 2017 were unaudited and therefore there was no auditor attendance at the counting of physical inventories at 31 December 2017 or at the opening balance sheet date. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 December 2017 were necessary and therefore also to cost of sales for the year ended 31 December 2017.

***For the period ended 31 March 2019***

With respect to inventory having a carrying value of £40,200, the audit evidence available to us was limited because the financial statements for the period ended 31 March 2019 were unaudited and therefore there was no auditor attendance at the counting of physical inventories at 31 March 2019 or at the opening balance sheet date. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 March 2019 were necessary and therefore also to cost of sales for the year ended 31 March 2019.

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the historical financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of OTAQ Connectors as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Rule 1.2 of Annex 1 of the Prospectus Regulation Rules and Rule 1.2 of Annex 11 of the Prospectus Regulation Rules.

Yours faithfully

**RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB

**SECTION D: HISTORICAL FINANCIAL INFORMATION OF OTAQ CONNECTORS  
FOR THE PERIODS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017  
AND 31 MARCH 2019**

**OTAQ CONNECTORS**

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15-month period ended 31 March 2019 £
<b>Revenue</b>	4	520,290	746,812	1,084,075
Cost of sales		(327,393)	(399,709)	(577,749)
<b>Gross profit</b>		<b>192,897</b>	<b>347,103</b>	<b>506,326</b>
Administrative expenses		(98,749)	(106,757)	(95,624)
<b>Operating profit</b>	6	<b>94,148</b>	<b>240,346</b>	<b>410,702</b>
Finance income	7	529	126	1,502
Finance costs	7	—	(39,660)	—
<b>Profit before taxation</b>		<b>94,677</b>	<b>200,812</b>	<b>412,204</b>
Taxation	8	(19,228)	(441,056)	(78,491)
<b>Profit/(loss) and total comprehensive income for the year/period attributable to the equity owners of the company</b>		<b>75,449</b>	<b>(240,244)</b>	<b>333,713</b>

The above results were derived from continuing operations.

**OTAQ CONNECTORS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016, 31 DECEMBER 2017 AND 31 MARCH 2019**

	Note	At 31 December 2016 £	At 31 December 2017 £	At 31 March 2019 £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	27,330	26,611	25,859
<b>Total non-current assets</b>		<b>27,330</b>	<b>26,611</b>	<b>25,859</b>
<b>Current assets</b>				
Trade and other receivables	11	86,189	153,489	289,378
Inventories	12	32,500	37,200	40,200
Cash and cash equivalents	13	374,405	79,100	183,184
<b>Total current assets</b>		<b>493,094</b>	<b>269,789</b>	<b>512,762</b>
<b>Total assets</b>		<b>520,424</b>	<b>296,400</b>	<b>538,621</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	15	100	100	100
Retained earnings		457,529	96,919	354,726
<b>Total equity attributable to the equity owners of the company</b>		<b>457,629</b>	<b>97,019</b>	<b>354,826</b>
<b>Current liabilities</b>				
Trade and other payables	14	62,795	199,381	183,795
<b>Total current liabilities</b>		<b>62,795</b>	<b>199,381</b>	<b>183,795</b>
<b>Total equity and liabilities</b>		<b>520,424</b>	<b>296,400</b>	<b>538,621</b>

**OTAQ CONNECTORS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIODS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017 AND 31 MARCH 2019**

	Note	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2016</b>		<b>100</b>	<b>480,822</b>	<b>480,922</b>
<b>Comprehensive Income</b>				
Profit and total comprehensive income for the year		—	75,449	75,449
<b>Transactions with owners</b>				
Dividends paid	9	—	(98,742)	(98,742)
<b>Balance at 31 December 2016</b>		<b>100</b>	<b>457,529</b>	<b>457,629</b>
<b>Comprehensive Income</b>				
Loss and total comprehensive loss for the year		—	(240,244)	(240,244)
<b>Transactions with owners</b>				
Dividends paid	9	—	(120,366)	(120,366)
<b>Balance at 31 December 2017</b>		<b>100</b>	<b>96,919</b>	<b>97,019</b>
<b>Comprehensive Income</b>				
Profit and total comprehensive income for the period		—	333,713	333,713
<b>Transactions with owners</b>				
Dividends paid	9	—	(75,906)	(75,906)
<b>Balance at 31 March 2019</b>		<b>100</b>	<b>354,726</b>	<b>354,826</b>



**OTAQ CONNECTORS**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIODS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017 AND 31 MARCH 2019**

	Note	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15-month period ended 31 March 2019 £
<b>Cash flows from operating activities</b>				
Profit before taxation		94,677	200,812	412,204
Adjustments for non-cash/non-operating items:				
Gain on sale of property, plant and equipment		(2,500)	(724)	—
Finance income	7	(529)	(126)	(1,502)
Finance expense	7	—	39,660	—
Depreciation of tangible assets		10,767	16,383	10,109
		102,415	256,005	420,811
Changes in working capital:				
(Increase)/decrease in trade and other receivables		82,598	(67,300)	(135,889)
(Increase)/decrease in inventories		12,500	(4,700)	(3,000)
Increase/(decrease) in trade and other payables		(8,371)	31,191	(9,611)
Cash from operations		189,142	215,196	272,313
Taxation		(37,234)	(371,013)	(84,466)
Net cash from/(used in) operating activities		151,908	(155,817)	187,845
<b>Cash flows from investing activities</b>				
Purchases of tangible fixed assets		(29,500)	(31,041)	(9,357)
Proceeds from the sale of plant and equipment		2,500	16,100	—
Interest received		529	126	1,502
Net cash used in investing activities		(26,471)	(14,815)	(7,855)
<b>Cash flows from financing activities</b>				
Dividends paid	9	(98,742)	(120,366)	(75,906)
Interest paid		—	(4,307)	—
Net cash used in financing activities		(98,742)	(124,673)	(75,906)
Net increase/(decrease) in cash and cash equivalents		26,695	(295,305)	104,084
Cash and cash equivalents at beginning of period		347,710	374,405	79,100
<b>Cash and cash equivalents at end of period</b>	13	<b>374,405</b>	<b>79,100</b>	<b>183,184</b>

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. General Information

OTAQ Connectors (formerly named Link Subsea Limited) is a private company limited by shares incorporated in England and Wales. The company is domiciled in England and its registered office is 8-3-4 South Road, Lancaster, Cumbria, LA1 4XF.

The principal activity of the company is that of the manufacture and supply of underwater communication and other marine goods to the offshore, seismic, commercial and nuclear energy sectors.

The principal accounting policies adopted by OTAQ Connectors are set out in note 2.

### 2. Accounting policies

#### (a) *Basis of preparation*

The historical financial information presents the financial track record of OTAQ Connectors for the two years ended 31 December 2016, 31 December 2017 and a period of 15 months ended 31 March 2019. This historical financial information has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted by the European Union (“IFRS”).

This historical financial information is prepared under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The historical financial information is presented in pounds sterling (“£”) except where otherwise indicated.

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

#### (b) *Going concern*

At 31 March 2019, the Existing OTAQ Group (of which OTAQ Connectors is a wholly owned subsidiary) had net assets of approximately £2.3 million and cash of approximately £368,000. These amounts improved to approximately £3.3 million and £1.1 million as at 30 September 2019, the date of the unaudited interims contained in Part 11. The Directors have reviewed the Enlarged Group’s projected cash flows for a period of at least twelve months from the date of this document which demonstrate that, dependent on successful completion of the Acquisition, the Placing and the Re-admission, the Enlarged Group can meet its liabilities as they fall due. As such this consolidated historical financial information has been prepared on a going concern basis.

#### (c) *New standards, amendments and interpretations*

None of the standards, interpretations and amendments effective for the first time from 1 January 2018, including IFRS 9 and IFRS 15, which have been adopted from the conversion date of 1 January 2016, have had a material effect on the historical financial information.

#### **IFRS 9**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The company has retrospectively applied IFRS 9.

##### (i) *Impairment*

IFRS 9 requires the company to record expected credit losses (ECLs) on its debt securities, loans and amounts due from the settlement of both investments and trade receivables, either on a 12-month or lifetime basis. The company has determined there is no material impact of ECLs on the historical financial information statements.

##### (ii) *Hedge accounting*

The company has not applied hedge accounting.

## **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle is that an entity should recognise revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity is expected to be entitled in exchange for those goods.

Implementation of IFRS 15 had no significant impact on retained earnings at 1 January 2016 the statement of financial position as 31 December 2016, 31 December 2017 and 31 March 2019, or the income statement for the periods ended 31 December 2016, 31 December 2017 and 31 March 2019.

The following standards have not been applied in preparing the Historical Financial Information:

## **IFRS 16 Leases**

This is effective for year ended 31 March 2020. The company is assessing the impact of IFRS 16 which, based upon leases presently held by the company, is likely to increase EBITDA and net interest charges by similar amounts with an immaterial effect on profit before taxation. The amounts to be included under the standard into fixed assets and net debt respectively will be more definitively assessed nearer the time and are dependent upon lease agreements that will be in existence at that point.

(d) ***Segmental reporting***

The company operates in one single business segment with sales made in the UK, North America, Middle East and the Rest of the World as set out in note 4.

(e) ***Revenue recognition***

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods, excluding discounts, rebates, VAT and other sales taxes or duties. Deposits received in advance are deferred and recognised at the end of the contract when applicable.

(f) ***Net finance costs***

*Finance costs*

Finance costs comprise statutory interest and penalties are expensed in the period in which they are incurred.

*Finance income*

Finance income comprises interest receivable on directors' loans. Interest income is recognised in profit or loss as it accrues using the effective interest method.

(g) ***Employee benefits: pension obligations***

The company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(h) ***Financial assets***

*Classification*

The company classifies all of its financial assets as receivables and cash. Management determines the classification of its financial assets at initial recognition.

### *Receivables*

Trade receivables, which generally have 30-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. The time value of money is not material. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Significant financial difficulties faced by the customer, probability that the customer will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and at bank.

### *Impairment of financial assets*

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

(i) ***Trade and other payables***

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(j) ***Share capital***

Proceeds on issue of shares are included in shareholders' equity, net of transaction costs. The carrying amount is not re-measured in subsequent years.

(k) ***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The costs associated with operating leases are taken to the statement of comprehensive income on an accruals basis over the period of the lease.

(l) ***Property, plant and equipment***

Property, plant and equipment assets are recognised initially at cost. After initial recognition, these assets are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component.

The following bases and rates are used to depreciate classes of assets:

Improvements of property	—	in accordance with the property
Plant and machinery	—	20% on cost
Fixtures and Fittings	—	15% on cost
Motor vehicles	—	25% on cost
Computer equipment	—	33% on cost

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

A property, plant and equipment item is de-recognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the Statement of comprehensive income in the period of de-recognition.

(m) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost based on latest contractual prices includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal. Provision is made for slow-moving or obsolete items.

(n) ***Income tax***

Income tax for the periods presented comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(o) ***Investments***

Investments are categorised as fair value through profit or loss. Movements in fair value on investments are included within income in the Statement of Comprehensive Income.

### **3. Significant accounting estimates and judgements**

The preparation of the company's historical financial information under IFRS as endorsed by the EU requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the period and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

#### *Revenue recognition*

Judgements are required as to whether and when contractual obligations have been fulfilled and in turn the period over which systems rental revenue should be recognised.

#### *Brexit*

The company is aware of the political uncertainty which remains following the referendum held in 2016 where the UK voted to leave the European Union. This is being closely monitored by the company but is not expected to have a significant impact on the financial information for the year ended 31 March 2020.

#### 4. Revenue

The company's revenue primarily arises from the manufacture and supply of underwater communication and other marine goods. Geographical analysis of the company's revenue is shown below. The geographical analysis is based on the location of the customer.

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
United Kingdom	275,585	331,429	490,550
Europe (excluding UK)	17,915	34,237	40,572
North America	134,898	230,935	341,972
Middle East	88,476	139,726	204,691
Rest of the World	3,416	10,485	6,290
	<u>520,290</u>	<u>746,812</u>	<u>1,084,075</u>

#### 5. Employees and directors

(a) *Staff costs for the company during the period including executive directors:*

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Wages and salaries	158,928	167,239	238,345
Social security costs	8,539	9,833	17,465
Other pension costs	3,000	3,952	6,196
	<u>170,467</u>	<u>181,024</u>	<u>262,006</u>

Average monthly number of people (including executive directors) employed by activity:

	Year ended 31 December 2016 No.	Year ended 31 December 2017 No.	15 month period ended 31 March 2019 No.
Directors	2	2	2
Production personnel	6	8	9
	<u>8</u>	<u>10</u>	<u>11</u>

(b) *Directors' emoluments*

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Salaries and fees	16,560	16,560	20,700
Social security costs	50	40	1
Other pension costs	3,000	3,000	3,750
	<u>19,610</u>	<u>19,600</u>	<u>24,451</u>

Key management personnel include all directors, who have authority and responsibility for planning, directing, and controlling the activities of the company.

6. **Operating Profit**

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Depreciation of property, plant and equipment	10,767	16,384	10,109
Gain on disposal of property, plant and equipment	(2,500)	(724)	—
Net foreign exchange losses/(gains)	—	6,196	(4,732)
Bad debt write-off	—	—	326
Operating lease costs	<u>19,689</u>	<u>12,841</u>	<u>15,114</u>

7. **Finance income and finance costs**

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Interest charged on directors' loans	<u>529</u>	<u>126</u>	<u>1,502</u>
<b>Total finance income</b>	<u>529</u>	<u>126</u>	<u>1,502</u>

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Statutory interest	—	35,353	—
Statutory penalties	—	4,307	—
Total finance costs	<u>—</u>	<u>39,660</u>	<u>—</u>

## 8. Taxation

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
UK tax for the current financial period	19,228	39,188	78,491
Adjustments in respect of previous periods	—	401,868	—
<b>Total UK tax charge</b>	<b>19,228</b>	<b>441,056</b>	<b>78,491</b>
<b>Tax charge per statement of comprehensive income</b>	<b>19,228</b>	<b>441,056</b>	<b>78,491</b>

The corporation tax charge for the year ended 31 December 2017 includes £401,868 in respect of prior periods owing due to the disallowance of loss relief claimed in connection with investment made by the company.

The tax charge differs from the standard rate of corporation tax in the UK of 19% for the period ended 31 March 2019, 19.25% for the year ended 31 December 2017, and 20% for the year ended 31 December 2016. The differences are explained below:

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Profit on ordinary activities before tax	94,677	200,812	412,204
Tax using the company's domestic tax rates	18,935	38,656	78,319
Effects of:			
Expenses not deductible	4,137	387	2,957
Adjustments in respect of previous years	—	401,868	—
Fixed assets differences	(3,844)	145	(2,785)
<b>Total taxation charge</b>	<b>19,228</b>	<b>441,056</b>	<b>78,491</b>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. No further rate changes have been noted within the Finance Act 2019, which received Royal Assent in February 2019.

## 9. Dividends

	Year ended 31 December 2016 £	Year ended 31 December 2017 £	15 month period ended 31 March 2019 £
Dividend on Ordinary shares of £1 each	98,742	120,366	75,906

The above dividends were paid in respect of the year ended 31 March 2019 at the rate of £759.06 per ordinary share (2017: £1,203.66 per ordinary share; 2016: £987.42 per ordinary share).



## 10. Property, plant and equipment

	Improve- ments to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>						
At 1 January 2016	5,672	118,438	22,864	49,172	5,979	<b>202,125</b>
Additions	—	—	—	29,500	—	<b>29,500</b>
Disposals	—	—	—	(11,827)	—	<b>(11,827)</b>
At 31 December 2016	5,672	118,438	22,864	66,845	5,979	<b>219,798</b>
<b>DEPRECIATION</b>						
At 1 January 2016	2,365	117,962	22,569	44,653	5,979	<b>193,528</b>
Charge for year	227	159	295	10,086	—	<b>10,767</b>
Eliminated on disposal	—	—	—	(11,827)	—	<b>(11,827)</b>
At 31 December 2016	2,592	118,121	22,864	42,912	5,979	<b>192,468</b>
<b>NET BOOK VALUE</b>						
At 31 December 2016	3,080	317	—	23,933	—	<b>27,330</b>
At 1 January 2016	3,307	476	295	4,519	—	<b>8,597</b>
	Improve- ments to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>						
At 1 January 2017	5,672	118,438	22,864	66,845	5,979	<b>219,798</b>
Additions	—	7,400	—	23,000	641	<b>31,041</b>
Disposals	—	—	—	(29,500)	—	<b>(29,500)</b>
At 31 December 2017	5,672	125,838	22,864	60,345	6,620	<b>221,339</b>
<b>DEPRECIATION</b>						
At 1 January 2017	2,592	118,121	22,864	42,912	5,979	<b>192,468</b>
Charge for year	227	1,639	—	14,307	211	<b>16,384</b>
Eliminated on disposal	—	—	—	(14,124)	—	<b>(14,124)</b>
At 31 December 2017	2,819	119,760	22,864	43,095	6,190	<b>194,728</b>
<b>NET BOOK VALUE</b>						
At 31 December 2017	2,853	6,078	—	17,250	430	<b>26,611</b>
At 1 January 2017	3,080	317	—	23,933	—	<b>27,330</b>

	Improve- ments to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>						
At 1 January 2018	5,672	125,838	22,864	60,345	6,620	221,339
Additions	—	—	—	8,750	607	9,357
At 31 March 2019	5,672	125,838	22,864	69,095	7,227	230,696
<b>DEPRECIATION</b>						
At 1 January 2018	2,819	119,760	22,864	43,095	6,190	194,728
Charge for period	283	1,639	—	7,751	436	10,109
At 31 March 2019	3,102	121,399	22,864	50,846	6,626	204,837
<b>NET BOOK VALUE</b>						
At 31 March 2019	2,570	4,439	—	18,249	601	25,859
At 1 January 2018	2,853	6,078	—	17,250	430	26,611

## 11. Trade and other receivables

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
<b>Amounts falling due within one year:</b>			
Trade receivables	74,718	146,591	181,237
Directors' current accounts (note 19)	—	—	100,124
Prepayments	11,471	6,230	7,617
Other receivables	—	668	400
	86,189	153,489	289,378

Trade receivables are non-interest bearing and are generally due and paid within 30 days. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and that no impairment is required at the reporting date. Trade and other receivables represent financial assets and are amortised for impairment on an expected credit loss model. Therefore, there is no provision for impairment at 31 March 2019 (31 December 2017: £nil; 31 December 2016; £nil).

### *Fair values of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

### *Impairment and risk exposure*

Information about the impairment of trade receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 18.

## 12. Inventories

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
Tools	32,500	37,200	40,200
	<u>32,500</u>	<u>37,200</u>	<u>40,200</u>

## 13. Cash and cash equivalents

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
Cash at bank and in hand	374,405	79,100	183,184
	<u>374,405</u>	<u>79,100</u>	<u>183,184</u>

All bank balances are denominated in Sterling.

## 14. Trade and other payables

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
<b>Amounts falling due within one year:</b>			
Trade payables	32,920	73,171	61,205
Corporation tax liability	15,384	120,779	114,804
Other taxation	5,704	—	3,411
Other payables	5,191	3,227	2,375
Directors' current accounts	204	204	—
Accrued expenses	3,392	2,000	2,000
	<u>62,795</u>	<u>199,381</u>	<u>183,795</u>

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. All trade and other payables are due in less than one year. All balances are denominated in Sterling. Directors' current accounts as at 31 December 2016 and 31 December 2017 include the loan from Mr D A Bowler of £204.

## 15. Share capital

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1.00 each	100	100	100
	100	100	100

### *Voting rights*

The holders of ordinary shares are entitled to one voting right per share.

### *Dividends*

The holders of ordinary shares are entitled to dividends out of the profits of the company available for distribution.

## 16. Commitments and contingences

### (a) *Capital commitments*

There were no capital commitments at 31 December 2016, 31 December 2017 and 31 March 2019.

### (b) *Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
Within 1 year	775	—	—
Later than 1 year and less than 5 years	—	—	—
After 5 years	—	—	—
	775	—	—

The operating lease commitments for the rental of the property and equipment is calculated on a straight-line basis over the respective lengths of the leases.

## 17. Financial Instruments – classification and measurement

### **Financial assets**

Financial assets measured at amortised cost comprise receivables and cash, as follows:

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
Receivables (note 11)	74,718	147,259	281,761
Cash at bank and in hand	374,405	79,100	183,184
	449,123	226,359	464,945

## Financial liabilities

Financial liabilities measured at amortised cost comprise other payables and accruals, as follows:

	As at 31 December 2016 £	As at 31 December 2017 £	As at 31 March 2019 £
Trade payables	32,920	73,171	61,205
Other payables	5,191	3,227	2,375
Directors' current accounts	204	204	—
	<u>38,315</u>	<u>76,602</u>	<u>63,580</u>

## 18. Financial risk management

The company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, market risk, currency risk and credit risk. Risk management is carried out by the board of directors. The company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The company finances its operations through a mixture of equity finance, cash and liquid resources and various items such as trade receivables and trade payables which arise directly from the company's operations.

### (a) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest bearing assets including cash and cash equivalents are considered to be short-term liquid assets. It is the company's policy to settle trade payables within the credit terms allowed and the company does therefore not incur interest on overdue balances. No sensitivity analysis has been prepared as the impact on the historical financial information would not be significant.

### (b) *Liquidity risk*

Liquidity risk is the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Liquidity risk arises from the repayment demands of the company's lenders. The cash requirements of the company are forecast by the board annually. The company is not dependent on any external borrowings.

The following tables set out the maturity profile of the company's non-derivative financial liabilities, based on undiscounted contractual cash outflows, as at the following dates:

	31 December 2016 £	31 December 2017 £	31 March 2019 £
<b>Trade and other payables</b>			
Less than 2 months	38,315	76,602	63,580
2-3 months	—	—	—
3 months – 1 year	—	—	—
1-5 years	—	—	—
<b>Total</b>	<u>38,315</u>	<u>76,602</u>	<u>63,580</u>

(c) **Capital risk management**

The company reviews its forecast capital requirements on an annual basis to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the company consists of equity, comprising issued share capital, and retained earnings as disclosed in the Statement of changes in equity. Total equity was £354,826 at 31 March 2019 (£97,019 at 31 December 2017, and £457,629 at 31 December 2016).

The company is not subject to externally imposed capital requirements.

(d) **Credit risk management**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company and the risk that any debtors of the company may default on amounts due to the company. The company's principal financial assets are trade receivables, other debtors, and cash equivalents.

The company has a policy of only dealing with credit worthy counterparties. All trade receivables are ultimately overseen by the director responsible for finance and are managed on a day-to-day basis by the finance team. Credit limits are set as deemed appropriate for the customer. The company had £181,237 of trade receivables at 31 March 2019 (31 December 2017: £146,591, 31 December 2016: £74,718). The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, management also considers the factors that may influence the credit risk of its customer or counterparty base, including the default risk associated with the industry and country in which the customer or counterparty operates. The maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the balance sheet date.

(e) **Currency risk**

The company's exposure to any currency risk at present is minimal.

(f) **Offsetting financial assets and financial liabilities**

The company has not presented any of its financial assets and financial liabilities on a net basis and no master netting arrangements are in place.

**19. Related party transactions**

During the period ended 31 March 2019, the company provided a loan to one of its directors Mr D A Bowler totalling £101,124 (2017: £nil; 2016: £nil). £1,236 of interest was charged on that loan during the period ended 31 March 2019 (2017: £nil; 2016: £nil).

Included within trade and other payables as at 31 December 2017 and 31 December 2016 was a loan from one of its directors (Mr D A Bowler) of £204. No interest was charged on this balance. The loan was repaid during the period ended 31 March 2019.

**20. Ultimate controlling party**

Prior to 26 April 2019, the company's ultimate controlling party was D A Bowler, its director and major shareholder. From 26 April 2019 the ultimate controlling party was OTAQ GL. See Note 21 – Subsequent events, for further details.

**21. Subsequent events**

On 26 April 2019, OTAQ GL, a company incorporated and registered in England, bought all shares and rights that previous owners held in the company and became the ultimate controlling party of the company.

On 6 February 2020, the name of the company was changed from Link Subsea Limited to OTAQ Connectors Limited.

## SECTION E – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF OTAQ OFFSHORE

The following is the full text of a report on OTAQ Offshore from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.



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The Directors  
Hertsford Capital plc  
c/o Fladgate LLP  
16 Great Queen Street  
London  
WC2B 5DG

24 March 2020

Dear Sirs,

### **OTAQ Offshore Limited**

We report on the historical financial information of OTAQ Offshore Limited (“OTAQ Offshore”) set out in Section F of Part 9 of the prospectus dated 24 March 2020 (“Prospectus”) of Hertsford Capital plc (the “Company”). This historical financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out at Note 2 to the historical financial information. In this letter, “Prospectus Regulation Rules” means the rules known as such as issued by the FCA under Part VI of FSMA and as amended, consolidated, re-enacted, or replaced from time to time implementing and incorporating *inter alia* the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament) and the Prospectus Supplementary Regulation (Commission Delegated Regulation (EU) 2019/980). This report is required by Rule 18 of Annex 1 of the Prospectus Regulation Rules and is given for the purpose of complying with that paragraph and for no other purpose.

### **Responsibilities**

The directors of the Company (the “Directors”) are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 Rule 1.3 of Annex 1 of the Prospectus Regulation Rules, or consenting to its inclusion in the Prospectus.

### **Basis for qualified opinion**

The audit evidence available to us with respect to inventory balances at 31 January 2017, 31 March 2018 and 31 March 2019 was limited due to the circumstances described below:

***For the year ended 31 January 2017***

With respect to inventory having a carrying value of £65,960, the audit evidence available to us was limited because the financial statements for the year ended 31 January 2017 were unaudited and therefore there was no auditor attendance at the counting of physical inventories at 31 January 2017 or at the opening balance sheet date. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 January 2017 were necessary and therefore also to cost of sales for the year ended 31 January 2017.

***For the period ended 31 March 2018***

With respect to inventory having a carrying value of £158,637, the audit evidence available to us was limited because the financial statements for the period ended 31 March 2018 were unaudited and therefore there was no auditor attendance at the counting of physical inventories at 31 March 2018 or at the opening balance sheet date. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 March 2018 were necessary and therefore also to cost of sales for the period ended 31 March 2018.

***For the year ended 31 March 2019***

With respect to opening inventory having a carrying value of £213,601, the audit evidence available to us was limited because the company did not appoint an auditor until after the beginning of the accounting period and therefore, as noted above, there was no auditor attendance at the counting of physical inventories at 31 March 2018. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to opening inventory were necessary and therefore also to cost of sales for the year ended 31 March 2019.

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. 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 judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the historical financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of OTAQ Offshore as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Rule 1.2 of Annex 1 of the Prospectus Regulation Rules and Rule 1.2 of Annex 11 of the Prospectus Regulation Rules.

Yours faithfully

**RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB



**SECTION F: HISTORICAL FINANCIAL INFORMATION OF OTAQ OFFSHORE  
FOR THE THREE PERIODS ENDED 31 JANUARY 2017, 31 MARCH 2018  
AND 31 MARCH 2019**

**OTAQ OFFSHORE  
STATEMENT OF COMPREHENSIVE INCOME**

	Note	Year ended 31 January 2017 £	14-month period ended 31 March 2018 £	Year ended 31 March 2019 £
<b>Revenue</b>	4	378,735	459,199	480,319
Cost of sales		(77,189)	(160,824)	(220,310)
<b>Gross profit</b>		<b>301,546</b>	<b>298,375</b>	<b>260,009</b>
Administrative expenses		(132,712)	(163,121)	(127,222)
<b>Operating profit</b>	6	<b>168,834</b>	<b>135,254</b>	<b>132,788</b>
Finance income	7	20	535	—
Finance costs	7	—	—	(68)
<b>Profit before taxation</b>		<b>168,854</b>	<b>135,789</b>	<b>132,720</b>
Taxation	8	(36,695)	74,185	(18,642)
<b>Profit and total comprehensive income for the period attributable to the equity owners of the company</b>		<b>132,159</b>	<b>209,974</b>	<b>114,078</b>

The above results were derived from continuing operations.

**OTAQ OFFSHORE**

**STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2017, 31 MARCH 2018 AND 31 MARCH 2019**

	Note	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	105,898	84,557	30,220
<b>Current assets</b>				
Trade and other receivables	11	169,052	164,748	80,046
Inventories	12	65,960	158,637	213,601
Cash and cash equivalents	13	101,277	31,905	94,633
<b>Total current assets</b>		<u>336,289</u>	<u>355,290</u>	<u>388,280</u>
<b>Total assets</b>		<u><u>442,187</u></u>	<u><u>439,847</u></u>	<u><u>418,500</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	16	100	100	100
Retained earnings		369,813	422,009	362,087
<b>Total equity attributable to the equity owners of the company</b>		<u><u>369,913</u></u>	<u><u>422,109</u></u>	<u><u>362,187</u></u>
<b>Current liabilities</b>				
Trade and other payables	14	72,274	17,738	54,627
<b>Total current liabilities</b>		<u><u>72,274</u></u>	<u><u>17,738</u></u>	<u><u>54,627</u></u>
<b>Non-current liabilities</b>				
Deferred income tax liability	15	—	—	1,686
<b>Total non-current liabilities</b>		<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1,686</u></u>
<b>Total equity and liabilities</b>		<u><u>442,187</u></u>	<u><u>439,847</u></u>	<u><u>418,500</u></u>

**OTAQ OFFSHORE**

**STATEMENT OF CHANGES IN EQUITY FOR THE THREE PERIODS ENDED 31 JANUARY 2017,  
31 MARCH 2018 AND 31 MARCH 2019**

	Note	Share capital £	Retained earnings £	Total £
<b>Balance at 1 February 2016</b>		<b>100</b>	<b>337,654</b>	<b>337,754</b>
<b>Comprehensive Income</b>				
Profit and total comprehensive income for the year		—	132,159	<b>132,159</b>
<b>Transactions with owners</b>				
Dividends paid	9	—	(100,000)	<b>(100,000)</b>
<b>Balance at 31 January 2017</b>		<b>100</b>	<b>369,813</b>	<b>369,913</b>
<b>Comprehensive Income</b>				
Profit and total comprehensive income for the period		—	209,974	<b>209,974</b>
<b>Transactions with owners</b>				
Dividends paid	9	—	(157,778)	<b>(157,778)</b>
<b>Balance at 31 March 2018</b>		<b>100</b>	<b>422,009</b>	<b>422,109</b>
<b>Comprehensive Income</b>				
Profit and total comprehensive income for the year		—	114,078	<b>114,078</b>
<b>Transactions with owners</b>				
Dividends paid	9	—	(174,000)	<b>(174,000)</b>
<b>Balance at 31 March 2019</b>		<b>100</b>	<b>362,087</b>	<b>362,187</b>

**OTAQ OFFSHORE**

**STATEMENT OF CASH FLOWS**

**FOR THE THREE PERIODS ENDED 31 JANUARY 2017, 31 MARCH 2018 AND 31 MARCH 2019**

	Note	Year ended 31 January 2017 £	14-month period ended 31 March 2018 £	Year ended 31 March 2019 £
<b>Cash flows from operating activities</b>				
Profit before taxation		168,854	135,789	132,720
Adjustments for non-cash/non-operating items:				
Loss on sale of property, plant and equipment		—	—	18
Finance income	7	(20)	(535)	—
Finance expense	7	—	—	68
Depreciation of tangible assets		84,882	100,723	54,319
		<u>253,716</u>	<u>235,977</u>	<u>187,125</u>
Changes in working capital:				
(Increase)/decrease in trade and other receivables		(17,128)	8,703	84,702
Increase in inventories		(2,150)	(92,677)	(54,964)
Increase/(decrease) in trade and other payables		15,851	(10,828)	19,933
		<u>252,489</u>	<u>141,175</u>	<u>236,796</u>
Cash from operations		252,489	141,175	236,796
Tax received		798	26,078	—
		<u>253,287</u>	<u>167,253</u>	<u>236,796</u>
<b>Cash flows from investing activities</b>				
Purchases of tangible fixed assets		(90,306)	(79,382)	—
Interest received		20	535	—
		<u>(90,286)</u>	<u>(78,847)</u>	<u>—</u>
<b>Cash flows from financing activities</b>				
Dividends paid		(100,000)	(157,778)	(174,000)
Interest paid		—	—	(68)
		<u>(100,000)</u>	<u>(157,778)</u>	<u>(174,068)</u>
Net cash used in financing activities		(100,000)	(157,778)	(174,068)
Net increase/(decrease) in cash and cash equivalents		63,001	(69,372)	62,728
Cash and cash equivalents at beginning of period		38,276	101,277	31,905
		<u>38,276</u>	<u>101,277</u>	<u>31,905</u>
<b>Cash and cash equivalents at end of period</b>	13	<u><u>101,277</u></u>	<u><u>31,905</u></u>	<u><u>94,633</u></u>

## OTAQ OFFSHORE

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. General Information

OTAQ Offshore (formerly Marinesense Limited) is a private company limited by shares incorporated in Scotland. The company is domiciled in Scotland and its registered office is Suites 5a, 5b & 5c Crombie Lodge Aberdeen Innovation Park, Campus Two, Bridge of Don, Aberdeen, Scotland, AB22 8GU.

The principal activity of the company is that of the development and rental of components for the offshore industry.

The principal accounting policies adopted by the company are set out in note 2.

#### 2. Accounting policies

##### (a) *Basis of preparation*

The historical financial information presents the financial track record of OTAQ Offshore for the year ended 31 January 2017, a period of 14-months ended 31 March 2018, and a year ended 31 March 2019. This financial information has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (“**IFRIC**”) interpretations as adopted by the European Union (“**IFRS**”).

This historical financial information is prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The historical financial information is presented in pounds sterling (£) except where otherwise indicated.

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

##### (b) *Going concern*

At 31 March 2019, the Existing OTAQ Group (of which OTAQ Offshore is a wholly owned subsidiary) had net assets of approximately £2.3 million and cash of approximately £368,000. These amounts improved to approximately £3.3 million and £1.1 million as at 30 September 2019, the date of the unaudited interims contained in Part 11. The Directors have reviewed the Enlarged Group’s projected cash flows for a period of at least twelve months from the date of this document which demonstrate that, dependant on successful completion of the Acquisition, the Placing and the Re-admission, the Enlarged Group can meet its liabilities as they fall due. As such this considered historical financial information has been prepared on a going concern basis.

##### (c) *New standards, amendments and interpretations*

None of the standards, interpretations and amendments effective for the first time from 1 January 2018, including IFRS 9 and IFRS 15, which have been adopted from the conversion date of 1 February 2016, have had a material effect on the historical financial information.

#### **IFRS 9**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The company has retrospectively applied IFRS 9.

##### (i) *Impairment*

IFRS 9 requires the company to record expected credit losses (ECLs) on its debt securities, loans and amounts due from settlement the of both investments and trade receivables, either on a 12-month or lifetime basis. The company has determined there is no material impact of ECLs on the historical financial information.

(ii) *Hedge accounting*

The company has not applied hedge accounting.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity is expected to be entitled to, in exchange for those goods or services.

Implementation of IFRS 15 had no significant impact on retained earnings at 1 February 2016 the statement of financial position as at January 2017, 31 March 2018 and 31 March 2019, or the income statement for the periods ended 31 January 2017, 31 March 2018 and 31 March 2019.

The following standards have not been applied in preparing the historical financial information:

**IFRS 16 Leases**

This is effective for year ended 31 March 2020. The company is assessing the impact of IFRS 16 which, based upon leases presently held by the company, is likely to increase EBITDA and net interest charges by similar amounts with an immaterial effect on profit before taxation. The amounts to be included under the standard into fixed assets and net debt respectively will be more definitively assessed nearer the time and are dependent upon lease agreements that will be in existence at that point.

(d) ***Segmental reporting***

The company operates in one single business segment which is wholly undertaken within the UK, as set out in note 4. This is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance, has been identified as the management team comprising the executive directors who make strategic decisions.

(e) ***Revenue recognition***

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or services, excluding discounts, rebates, VAT and other sales taxes or duties. Revenue under service contracts is recognised on a straight-line basis over the period of the contract. Deposits received in advance are deferred and recognised at the end of the contract when applicable.

(f) ***Net finance costs***

*Finance costs*

Finance costs comprise interest payable and are expensed in the period in which they are incurred.

*Finance income*

Finance income comprises interest receivable on bank deposits. Interest income is recognised in profit or loss as it accrues using the effective interest method.

(g) ***Employee benefits: Pension obligations***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged to profit or loss represent the contributions payable to the scheme in respect of the accounting period.

(h) ***Financial assets***

*Classification*

The company classifies all of its financial assets as receivables and cash. Management determines the classification of its financial assets at initial recognition.

### *Receivables*

Trade receivables, which generally have 30-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. The time value of money is not material. Significant financial difficulties faced by the customer, probability that the customer will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value determined using level 3 inputs. Trade and other receivables represent financial assets and are considered for impairment on an expected credit loss model.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at hand and deposits with maturities of three months or less.

### *Impairment of financial assets*

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

(i) ***Trade and other payables***

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(j) ***Share capital***

Proceeds on issue of shares are included in shareholders' equity, net of transaction costs. The carrying amount is not re-measured in subsequent years.

(k) ***Research and development***

Costs associated with maintaining leak detection system, laser measurement systems and underwater cameras are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of the above products controlled by the company are recognised as intangible assets where the following criteria are met:

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

Research expenditure and development expenditure that do not meet the criteria listed above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(l) **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The costs associated with operating leases are taken to the statement of comprehensive income on an accruals basis over the period of the lease.

All other leases are classified as operating leases.

(m) **Property, plant and equipment**

Property, plant and equipment assets are recognised initially at cost. After initial recognition, these assets are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component.

The following bases and rates are used to depreciate classes of assets:

Rental systems	—	33% on cost
Motor vehicles	—	25% on cost
Computer equipment	—	33% on cost

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

A property, plant and equipment item is de-recognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the Statement of comprehensive income in the period of de-recognition.

(n) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost based on latest contractual prices includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal. Provision is made for slow-moving or obsolete items.

(o) **Income tax**

Income tax for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



### 3. Significant accounting estimates and judgements

The preparation of the company's historical financial information under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during period, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

#### *Revenue recognition*

Judgements are required as to whether and when contractual obligations have been fulfilled and in turn the period over which systems' rental revenue should be recognised.

#### *Brexit*

The company is aware of the political uncertainty which remains following the referendum held in 2016 where the UK voted to leave the European Union. This is being closely monitored by the company but is not expected to have a significant impact on the financial statements for the year ended 31 March 2020.

### 4. Revenue

All company's revenue arises from the development and rental of components for the offshore industry in the UK North Sea.

### 5. Employees and directors

#### (a) *Staff costs for the company during the year including executive directors:*

	<b>Year ended 31 January 2017 £</b>	<b>14-month period ended 31 March 2018 £</b>	<b>Year ended 31 March 2019 £</b>
Wages and salaries	121,469	184,394	172,333
Social security costs	14,010	21,793	18,508
Other pension costs	4,168	7,058	9,987
	<u>139,647</u>	<u>213,245</u>	<u>200,828</u>

Average monthly number of people (including executive directors) employed by activity:

	<b>Year ended 31 January 2017 No.</b>	<b>14-month period ended 31 March 2018 No.</b>	<b>Year ended 31 March 2019 No.</b>
Directors	2	2	2
Management and administration	1	1	1
	<u>3</u>	<u>3</u>	<u>3</u>

(b) *Directors' emoluments*

	<b>Year ended 31 January 2017 £</b>	<b>14-month period ended 31 March 2018 £</b>	<b>Year ended 31 March 2019 £</b>
Salaries and fees	91,650	148,867	120,000
Social security costs	11,122	18,754	14,165
Other pension costs	3,360	6,020	8,281
	<u>106,132</u>	<u>173,641</u>	<u>142,446</u>

Key management personnel include all directors, who have authority and responsibility for planning, directing, and controlling the activities of the company.

**6. Operating Profit**

Operating profit is stated after charging:

	<b>Year ended 31 January 2017 £</b>	<b>14-month period ended 31 March 2018 £</b>	<b>Year ended 31 March 2019 £</b>
Depreciation of property, plant and equipment	84,882	100,723	54,319
Research expenditure	103,767	201,781	187,673
Bad debts write-off	1,392	—	—
Loss on disposal of property, plant and equipment	—	—	18
Operating lease costs	25,584	28,114	26,516
	<u>215,625</u>	<u>330,618</u>	<u>268,526</u>

**7. Finance income and finance costs**

	<b>Year ended 31 January 2017 £</b>	<b>14-month period ended 31 March 2018 £</b>	<b>Year ended 31 March 2019 £</b>
Interest on bank deposits	20	38	—
Interest on corporate tax	—	497	—
Interest expense	—	—	(68)
Net finance income/(costs)	<u>20</u>	<u>535</u>	<u>(68)</u>

## 8. Taxation

	Year ended 31 January 2017 £	14-month period ended 31 March 2018 £	Year ended 31 March 2019 £
UK tax for the current financial period	—	—	—
Adjustments in respect of previous periods	36,695	(74,185)	16,956
<b>Total UK tax charge/(credit)</b>	<b>36,695</b>	<b>(74,185)</b>	<b>16,956</b>
Deferred tax (note 15)	—	—	1,686
<b>Tax charge per statement of comprehensive income</b>	<b>36,695</b>	<b>(74,185)</b>	<b>18,642</b>

The tax charge for the period differs from the standard rate of corporation tax in the UK of 19% for the year ended 31 March 2019, 19.14% for the period ended 31 March 2018, and 20% for the year ended 31 January 2017. The differences are explained below:

	Year ended 31 January 2017 £	14-month period ended 31 March 2018 £	Year ended 31 March 2019 £
Profit on ordinary activities before tax	168,854	135,789	132,719
Tax using the company's domestic tax rates	33,771	25,994	25,217
Effects of:			
Effect of concessions (research and development and capital allowances)	(46,352)	(59,263)	(817)
Fixed assets differences	—	—	1,686
Effect of unused tax losses not recognised as deferred tax assets	—	15,782	—
Expenses not deductible	16,999	17,487	11,378
Prior year losses utilised	(4,418)	—	(18,822)
Adjustments recognised in the current year in relation to the current tax of prior years	36,695	(74,185)	—
<b>Total taxation charge/(credit)</b>	<b>36,695</b>	<b>(74,185)</b>	<b>18,642</b>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. No further rate changes have been noted within the Finance Act 2019, which received Royal Assent in February 2019.

## 9. Dividends

	Year ended 31 January 2017 £	14-month period ended 31 March 2018 £	Year ended 31 March 2019 £
Dividend on Ordinary shares of £1 each	100,000	157,778	174,000

The above dividend was paid in respect of the year ended 31 March 2019 at the rate of £1,740 per ordinary share (31 March 2018: £1,578 per ordinary share; 31 January 2017: £1,000 per ordinary share).

## 10. Property, plant and equipment

	Motor vehicles £	Computer equipment £	Rental systems £	Total £
<b>Cost</b>				
Balance at 1 February 2016	34,375	59,382	473,000	566,757
Additions	—	9,306	81,000	90,306
Disposals	—	—	—	—
Balance at 31 January 2017	34,375	68,688	554,000	657,063
Balance at 1 February 2017	34,375	68,688	554,000	657,063
Additions	—	5,382	74,000	79,382
Disposals	—	—	—	—
Balance at 31 March 2018	34,375	74,070	628,000	736,445
Balance at 1 April 2018	34,375	74,070	628,000	736,445
Additions	—	—	—	—
Disposals	—	(38,387)	—	(38,387)
Balance at 31 March 2019	34,375	35,683	628,000	698,058
<b>Accumulated Depreciation</b>				
Balance at 1 February 2016	(15,039)	(62,248)	(388,996)	(466,283)
Depreciation charge	(4,834)	(3,049)	(76,999)	(84,882)
Disposals	—	—	—	—
Balance at 31 January 2017	(19,873)	(65,297)	(465,995)	(551,165)
Balance at 1 February 2017	(19,873)	(65,297)	(465,995)	(551,165)
Depreciation charge	(4,230)	(4,509)	(91,984)	(100,723)
Disposals	—	—	—	—
Balance at 31 March 2018	(24,103)	(69,806)	(557,979)	(651,888)
Balance at 1 April 2018	(24,103)	(69,806)	(557,979)	(651,888)
Depreciation charge	(4,577)	(3,010)	(46,731)	(54,318)
Disposals	—	38,368	—	38,368
Balance at 31 March 2019	(28,680)	(34,448)	(604,710)	(667,838)
<b>Net Book Value</b>				
At 31 January 2017	14,502	3,391	88,005	105,898
At 31 March 2018	10,272	4,264	70,021	84,557
At 31 March 2019	5,695	1,235	23,290	30,220

## 11. Trade and other receivables

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>Amounts falling due within one year:</b>			
Trade receivables	86,920	65,617	72,222
Directors' current accounts (note 20)	80,000	90,000	—
Corporation tax liability	—	4,399	4,399
Prepayments	2,132	2,132	3,425
Other receivables	—	2,600	—
	169,052	164,748	80,046
	169,052	164,748	80,046

Trade receivables are non-interest bearing and are generally due and paid with 30 days. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and that no impairment is required at the reporting date. Trade and other receivables represent financial assets and are amortised for impairment on an expected credit loss model. Therefore there is no provision for impairment at 31 March 2019 (31 March 2018: £nil; 31 January 2017; £nil).

### *Fair values of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

### *Impairment and risk exposure*

Information about the impairment of trade receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 18.

## 12. Inventories

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
Components and prototypes	65,960	158,637	213,601
	65,960	158,637	213,601
	65,960	158,637	213,601

## 13. Cash and cash equivalents

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
Cash at bank and in hand	101,277	31,905	94,633
	101,277	31,905	94,633
	101,277	31,905	94,633

All bank balances are denominated in Sterling.

#### 14. Trade and other payables

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>Amounts falling due within one year:</b>			
Trade payables	3,308	5,574	13,817
Corporation tax liability	43,213	—	16,956
Accruals	—	—	10,500
Amounts owed to shareholders (note 19)	2,222	—	—
Other taxation	21,112	9,614	13,351
Other payables	2,419	2,550	3
	<u>72,274</u>	<u>17,738</u>	<u>54,627</u>

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. All trade and other payables are due in less than one year. All balances are denominated in Sterling. Amounts owed to shareholders as at 31 January 2017 include the balance of dividend due to shareholders at that time which were paid in the period ended 31 March 2018.

#### 15. Deferred income tax liability

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>Temporary differences attributable to:</b>			
Accelerated capital allowance	—	—	1,686
	<u>—</u>	<u>—</u>	<u>1,686</u>

#### 16. Share capital

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1.00 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>

##### *Voting rights*

The holders of ordinary shares are entitled to one voting right per share.

##### *Dividends*

The holders of ordinary shares are entitled to dividends out of the profits of the company available for distribution.

## 17. Commitments and contingences

### (a) *Capital commitments*

There were no capital commitments at 31 January 2017, 31 March 2018 and 31 March 2019.

### (b) *Operating lease commitments*

There were no operating lease commitments at 31 January 2017, 31 March 2018 and 31 March 2019.

## 18. Financial instruments – classification and measurement

### Financial assets

Financial assets measured at amortised cost comprise trade and other receivables, directors' current accounts and cash, as follows:

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
Trade receivables	86,920	65,617	72,222
Directors' current accounts	80,000	90,000	—
Other receivables	—	2,600	—
Cash at bank and in hand	101,277	31,905	94,633
	<u>268,197</u>	<u>190,122</u>	<u>166,855</u>

### Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables and other payables as follows:

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
Trade payables	3,308	5,574	13,817
Amounts owed to shareholders	2,222	—	—
Amounts due to employees	2,419	2,550	3
	<u>7,949</u>	<u>8,124</u>	<u>24,320</u>

### Financial risk management

The company's activities expose it to a variety of financial risks: liquidity risk, interest rate risk, capital risk and credit risk. Risk management is carried out by the board of directors. The company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The company finances its operations through a mixture of equity finance, cash and various items such as trade receivables and trade payables which arise directly from the company's operations.

### (a) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest bearing assets including cash and cash equivalents are considered to be short-term liquid assets. It is the company's policy to settle trade payables within the credit terms allowed and the company does therefore not incur interest on overdue balances. No sensitivity analysis has been prepared as the impact on the historical financial information would not be significant.

(b) **Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Liquidity risk arises from the repayment demands of the company's lenders. The cash requirements of the company are forecast by the board annually. The company is not dependent on any external borrowings.

The following tables set out the maturity profile of the company's non-derivative financial liabilities, based on undiscounted contractual cash outflows, as at the following dates:

	As at 31 January 2017 £	As at 31 March 2018 £	As at 31 March 2019 £
<b>Trade and other payables</b>			
Less than 2 months	7,949	8,124	13,820
2-3 months	—	—	—
3 months – 1 year	—	—	—
1-5 years	—	—	—
	7,949	8,124	13,820
	7,949	8,124	13,820

(c) **Capital risk management**

The company reviews its forecast capital requirements on an annual basis to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the company consists of equity, comprising issued share capital, and retained earnings as disclosed in the statement of changes in equity. Total equity was £362,187 at 31 March 2019 (£422,109 at 31 March 2018 and £369,913 at 31 January 2017). The company is not subject to externally imposed capital requirements.

(d) **Credit risk management**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company and the risk that any debtors of the company may default on amounts due to the company. The company's principal financial assets are trade receivables, other debtors, and cash equivalents.

The company has a policy of only dealing with credit worthy counterparties. All trade receivables are ultimately overseen by the director responsible for finance and are managed on a day-to-day basis by the finance team. Credit limits are set as deemed appropriate for the customer. The company had £72,222 of trade receivables 31 March 2019 (31 March 2018: £65,617 and 31 January 2017: £86,929). The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, management also considers the factors that may influence the credit risk of its customer or counterparty base, including the default risk associated with the industry and country in which the customer or counterparty operates. The maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the balance sheet date.

(e) **Offsetting financial assets and financial liabilities**

The company has not presented any of its financial assets and financial liabilities on a net basis and no master netting arrangements are in place.

**19. Related party transactions**

As at 31 March 2018, there were outstanding interest-free directors' loans of £90,000 (31 January 2017: £80,000) provided to H V Rotsch. These loans were fully repaid during the year ended 31 March 2019.

As at 31 January 2017, there were outstanding dividends payable to A Fraser and A Jakas of £2,222. The dividends were fully paid in the period ended 31 March 2018.



**20. Ultimate controlling party**

Prior to November 2018 the company's ultimate controlling party was its director and major shareholder H V Rotch. In November 2018, OTAQ GL, a company incorporated and registered in England, bought all shares and rights that previous owners held in the company and became the ultimate controlling party of the company.

**21. Subsequent events**

On 7 February 2020, the name of the company was changed from Marinesense Limited to OTAQ Offshore Limited.

## PART 10

### PRO FORMA FINANCIAL INFORMATION

#### SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the full text of a report on the Company from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.



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The Directors  
Hertsford Capital plc  
c/o Fladgate LLP  
16 Great Queen Street  
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WC2B 5DG

24 March 2020

Dear Sirs,

#### Hertsford Capital plc (the “Company”)

We report on the unaudited *pro forma* financial information (the “**Pro Forma Financial Information**”) set out in Section B Part 10 of the prospectus dated 24 March 2020 (“**Prospectus**”) of Hertsford Capital plc (the “**Company**”), which has been prepared on the basis described in Section B, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies normally adopted by the Company. In this report, “Prospectus Regulation Rules” means the rules known as such as issued by the FCA under Part VI of FSMA and as amended, consolidated, re-enacted, or replaced from time to time implementing and incorporating *inter alia* the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament) and the Prospectus Supplementary Regulation (Commission Delegated Regulation (EU) 2019/980). This report is prepared in accordance with the requirements of Rule 3 of Annex 20 of the Prospectus Regulation Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### Responsibilities

The Directors are responsible for preparing the *Pro Forma* Financial Information in accordance with the requirements of Rule 18.4 of Annex 1 and Annex 20 of the Prospectus Regulation Rules.

It is our responsibility to form an opinion, as per Rule 3 of Annex 20 of the Prospectus Regulation Rules, as to the proper compilation of the *Pro Forma* Financial Information and to report our opinion to the Company. In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**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 work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

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

**Opinion**

In our opinion:

- a) the *Pro forma* Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Rule 1.2 of Annex 1 of the Prospectus Regulation Rules and Rule 1.2 of Annex 11 of the Prospectus Regulation Rules.

Yours faithfully

**RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB

## SECTION B: *PRO FORMA* FINANCIAL INFORMATION

### UNAUDITED *PRO FORMA* INCOME STATEMENT OF THE ENLARGED GROUP

The following unaudited *pro forma* income statement of the Enlarged Group has been prepared to illustrate the effect on the consolidated income statement of the Enlarged Group as if the acquisitions of OTAQ Connectors and OTAQ Offshore had taken place on 1 April 2018.

The *pro forma* income statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual results. Due to rounding, the numbers presented below may not add up precisely to the totals indicated.

	The Company Year to 30 June 2019 Note 1 £000's	The Existing OTAQ Group Year to 31 March 2019 Note 2 £000's	OTAQ Connectors 15-month period ended 31 March 2019 Note 3 £000's	OTAQ Offshore Year to 31 March 2019 Note 4 £000's	Adj Note 5 £000's	Adj Note 6 £000's	<i>Pro forma</i> income statement of the Enlarged Group Note 7 £000's
Revenue	—	1,577	1,084	480	(217)	(142)	2,782
Cost of sales	—	(675)	(578)	(220)	116	20	(1,337)
Gross profit	—	902	506	260	(101)	(122)	1,445
Administrative expenses	(65)	(1,245)	(96)	(127)	19	96	(1,419)
Operating (loss)/profit	(65)	(343)	411	133	(82)	(26)	26
Net finance (expenses)/income	8	(26)	2	—	—	—	(16)
(Loss)/profit on ordinary activities before taxation	(57)	(369)	412	133	(82)	(26)	10

#### Notes:

- The income statement of the Company has been extracted without material adjustment from the Company's audited accounts for the year ended 30 June 2019, incorporated by reference in Section 2.13 of Part 14 of this Document.
- The income statement of the Existing OTAQ Group has been extracted without material amendment from the historical financial information set out in Section B of Part 9 of this Document.
- The income statement of OTAQ Connectors has been extracted without material amendment from the historical financial information set out in Section D of Part 9 of this Document.
- The income statement of OTAQ Offshore has been extracted without material amendment from the historical financial information set out in Section F of Part 9 of this Document.
- This adjustment pro-rates the 15-month period of the OTAQ Connectors income statement to a 12-month period.
- This adjustment eliminates the post-acquisition trading results of OTAQ Offshore, included in the Existing OTAQ Group's income statement.
- All of the adjustments are expected to have a continuing effect on the Enlarged Group.
- No account has been taken of the financial performance of the Enlarged Group since 31 March 2019, nor of any other event, save as disclosed above.
- The Unaudited Interim Financial Information, set out in Section B of Part 11 of this Document, includes the financial performance of OTAQ Offshore for the six-month period ended 30 September 2019 and of OTAQ Connectors from acquisition on 29 April 2019 to 30 September 2019.

## UNAUDITED *PRO FORMA* NET ASSET STATEMENT OF THE ENLARGED GROUP

The following unaudited *pro forma* statement of net assets of the Enlarged Group has been prepared by the Directors on the basis of the notes set out below, to show the effect of the Acquisition and Placing on the net assets of the Enlarged Group as at 30 June 2019.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position either prior to or following re-admission.

	Net Assets of the Company as at 30 June 2019 Note 1 £000's	Net Assets of the Existing OTAQ Group as at 30 September 2019 Note 2 £000's	Adj Note 3 £000's	Adj Note 4 £000's	<i>Pro forma</i> Net Assets of the Enlarged Group Note 5 £000's
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	—	1,668	—	—	1,668
Goodwill	—	1,031	—	—	1,031
Intangible assets	—	992	—	—	992
	—	<b>3,691</b>	—	—	<b>3,691</b>
<b>Current assets</b>					
Inventories	—	590	—	—	590
Trade and other receivables	5	733	—	—	738
Cash and cash equivalents	2,841	1,152	500	(537)	3,956
	2,846	2,475	500	(537)	5,284
<b>Total assets</b>	<b>2,846</b>	<b>6,166</b>	500	(537)	8,975
<b>Current liabilities</b>					
Trade and other payables	(13)	(1,760)	—	51	(1,722)
Financial liabilities	—	(460)	—	460	—
	(13)	(2,220)	—	511	(1,722)
<b>Non-current liabilities</b>					
Deferred payment for acquisition	—	(542)	—	—	(542)
Deferred tax	—	(90)	—	—	(90)
	—	(632)	—	—	(632)
<b>Total liabilities</b>	<b>(13)</b>	<b>(2,852)</b>	—	511	<b>(2,354)</b>
<b>Net assets</b>	<b>2,833</b>	<b>3,314</b>	500	(26)	6,621

### Notes:

- The net assets of the Company have been extracted without material adjustment from the Company's audited accounts for the year ended 30 June 2019, incorporated by reference in Section 2.13 of Part 14 of this Document.
- The net assets of the Existing OTAQ Group have been extracted without material adjustment from the Unaudited Interim Financial Information as at 30 September 2019 as set out in Section B of Part 11 of this Document.
- The gross placing proceeds of the Placing are approximately £1.5 million. Expenses are £1.0 m. Net placing proceeds are therefore approximately £0.5 million.
- Assuming Admission takes place before the end of March 2020, £0.537 million will be paid to repay the Shareholder Loans, comprising a principal sum of £0.460 million and £0.077 million of interest.
- No account has been taken of any other movement in net assets of the Company since 30 June 2019 or of the Existing OTAQ Group since 30 September 2019, nor any fair value adjustments arising on the acquisition of OTAQ GL by the Company, nor any other event, save as disclosed above. The acquisition adjustments, when finalised post acquisition, may be material.
- The Transaction is not expected to result in any material difference to the income of the OTAQ GL, as reported in the consolidated statement of comprehensive income in Part 11 of this Document.

## PART 11

### UNAUDITED INTERIM FINANCIAL INFORMATION

#### SECTION A: INDEPENDENT REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL INFORMATION

The following is the full text of a review report on the Existing OTAQ Group from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company



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The Directors  
Hertsford Capital plc  
c/o Fladgate LLP  
16 Great Queen Street  
London  
WC2B 5DG

24 March 2020

Dear Sirs

#### **OTAQ Group Limited and its subsidiary undertakings (the “Existing OTAQ Group”)**

##### **Introduction**

We have been engaged by Hertsford Capital plc (the “Company”) to review the condensed unaudited interim financial information relating to the Existing OTAQ Group for the six-month period ended 30 September 2019 (“Unaudited Interim Financial Information”) set out in Section B of Part 11 of the prospectus dated 24 March 2020 (“Prospectus”) of the Company. We have read the other information contained in the Prospectus and considered whether it contains any apparent misstatements or material inconsistencies with the Unaudited Interim Financial Information. In this letter, “Prospectus Regulation Rules” means the rules known as such as issued by the FCA under Part VI of FSMA and as amended, consolidated, re-enacted, or replaced from time to time implementing and incorporating *inter alia* the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament) and the Prospectus Supplementary Regulation (Commission Delegated Regulation (EU) 2019/980).

This report is made solely to the Company in accordance with the requirements of International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council in the United Kingdom (“ISRE 2410”), as if it applied to the Company’s auditor and for no other purpose. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the opinions we have formed or consenting to its inclusion in the Prospectus.

##### **Responsibilities**

The Unaudited Interim Financial Information is the responsibility of, and has been approved by, the directors of the Company (the “Directors”). The Directors are responsible for preparing the Unaudited Interim Financial Information in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) and by applying the accounting policies and presentation consistent with those that will be

adopted in the Company's next annual financial statements and the requirements of Rule 18.2 of Annex 1 of the Prospectus Regulation Rules.

Our responsibility is to express to the Company a conclusion on the Unaudited Interim Financial Information, for the purposes of the Prospectus, based on our review.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 Rule 1.3 of Annex 1 of the Prospectus Regulation Rules, or consenting to its inclusion in the Prospectus.

#### **Scope of review**

We conducted our review in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom and ISRE 2410 as if it applied to the Company's auditor. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Unaudited Interim Financial Information.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that, for the purposes of the Prospectus, the Unaudited Interim Financial Information has not been prepared, in all material respects, with International Financial Reporting Standards as adopted by the EU.

#### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Rule 1.2 of Annex 1 of the Prospectus Regulation Rules and Rule 1.2 of Annex 11 of the Prospectus Regulation Rules.

Yours faithfully

#### **RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB

**SECTION B: UNAUDITED INTERIM FINANCIAL INFORMATION ON THE  
EXISTING OTAQ**

**GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

**THE EXISTING OTAQ GROUP**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Notes	6-month period ended 30 September 2019 <i>Unaudited</i> £000	6-month period ended 30 September 2018 <i>Unaudited</i> £000
<b>Revenue</b>	3	1,757	653
Cost of sales		(746)	(286)
<b>Gross profit</b>		1,011	367
Administrative expenses	4	(1,057)	(601)
<b>Operating loss</b>		<b>(46)</b>	<b>(234)</b>
Finance expense		(97)	(22)
<b>Loss on ordinary activities before taxation</b>		(143)	(256)
Taxation		6	—
<b>Loss for the period and total comprehensive loss for the period</b>		<b>(137)</b>	<b>(256)</b>
<b>Attributable to:</b>			
The owners of the company		(136)	(261)
Non-controlling interests		(1)	5
		<b>(137)</b>	<b>(256)</b>

The loss for the period arises from the Existing OTAQ Group's continuing operations.

There were no other items of comprehensive income for the period (2018: £nil) and therefore the loss for the period is also the total comprehensive loss for the period.



**THE EXISTING OTAQ GROUP**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>30 September</b>	<b>31 March</b>
		<b>2019</b>	<b>2019</b>
		<i>Unaudited</i>	<i>Audited</i>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>			
<i>Non-current assets</i>			
Plant and equipment		1,668	1,524
Goodwill	5, 6	1,031	612
Intangible assets		992	903
		<u>3,691</u>	<u>3,039</u>
<i>Current assets</i>			
Inventories		590	537
Trade and other receivables		733	462
Income tax asset		—	54
Cash and cash equivalents		1,152	368
		<u>2,475</u>	<u>1,421</u>
<b>Total assets</b>		<u>6,166</u>	<u>4,460</u>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		1,760	1,316
Income Tax liability		—	17
Financial liabilities		460	321
		<u>2,220</u>	<u>1,654</u>
<i>Non-current liabilities</i>			
Deferred payment for acquisition		542	418
Deferred Tax		90	90
Financial liabilities		—	1
		<u>632</u>	<u>509</u>
<b>Total liabilities</b>		<u>2,852</u>	<u>2,163</u>
<b>Net assets</b>		<u>3,314</u>	<u>2,297</u>
<b>Capital and reserves</b>			
Issued equity capital	8	—	—
Share premium	8	4,620	3,531
Other reserve		420	355
Revenue reserve		(1,719)	(1,583)
		<u>3,321</u>	<u>2,303</u>
<b>OTAQ Shareholders' equity</b>		<u>3,321</u>	<u>2,303</u>
Non-controlling interests		(7)	(6)
		<u>3,314</u>	<u>2,297</u>
<b>Total equity</b>		<u><u>3,314</u></u>	<u><u>2,297</u></u>

**THE EXISTING OTAQ GROUP**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued Equity capital £000	Share Premium £000	Other Reserve £000	Revenue Reserve £000	Net Equity for OTAQ Shareholders £000	Non- Controlling Interests £000	Total Equity £000
<b>At 31 March 2018</b>	—	1,990	(122)	(1,218)	650	(2)	648
Loss for the period and total comprehensive loss for the period	—	—	—	(261)	(261)	5	(256)
Issue of share capital (Note 8)	—	1,354	—	—	1,354	—	1,354
Expenses of share issues (Note 8)	—	(63)	—	—	(63)	—	(63)
<b>At 30 September 2018 Unaudited</b>	—	3,281	(122)	(1,479)	1,680	3	1,683
<b>At 31 March 2019</b>	—	3,531	355	(1,583)	2,303	(6)	2,297
Loss for the period and total comprehensive loss of the period	—	—	—	(136)	(136)	(1)	(137)
Deferred cost of Acquisition of OTAQ Connectors (note 6)	—	—	25	—	25	—	25
Unwinding of discount on deferred cost of OTAQ Offshore acquisition	—	—	40	—	40	—	40
Issue of share capital (Note 8)	—	1,139	—	—	1,139	—	1,139
Expenses of share issues (Note 8)	—	(50)	—	—	(50)	—	(50)
<b>At 30 September 2019 Unaudited</b>	—	4,620	420	(1,719)	3,321	(7)	3,314

**THE EXISTING OTAQ GROUP**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6-month period ended 30 September 2019 <i>Unaudited</i> £000</b>	<b>6-month period ended 30 September 2018 <i>Unaudited</i> £000</b>
<b>Notes</b>		
<b>Cash flows from operating activities</b>		
Loss after interest and tax	(137)	(256)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	261	124
Amortisation of intangible assets	100	29
Unwinding of discount	76	—
Taxation Charge	(6)	—
<i>Changes in working capital:</i>		
Decrease in inventories	7	—
(Increase)/decrease in trade and other receivables	(97)	528
Increase/(decrease) in trade payables and other payables	160	(201)
	<hr/>	<hr/>
Cash inflow from operating activities	364	224
Tax credit received	6	—
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>370</b>	<b>224</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(385)	(545)
Purchases of intangible fixed assets	(190)	(33)
Payment of acquisition of subsidiary, net of cash acquired	6 (289)	—
	<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>	<b>(864)</b>	<b>(578)</b>
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>		
Proceeds from issues of ordinary share capital	8 1,073	1,354
Expenses of share issues	(50)	(63)
Proceeds from loan	255	16
	<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>	<b>1,278</b>	<b>1,307</b>
<b>Increase in cash and cash equivalents</b>	<b>784</b>	<b>953</b>
Cash and cash equivalents at the start of the period	368	301
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,152</b>	<b>1,254</b>
	<hr/> <hr/>	<hr/> <hr/>

## THE EXISTING OTAQ GROUP

### NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION

#### 1. General information

OTAQ GL is a private limited company, limited by share capital, incorporated and domiciled in England. The address of its registered office is 8-3-4 Harpers Mill, South Road, White Cross, Lancaster, LA1 4XF.

The principal activity of OTAQ GL and its subsidiary undertakings (the “Existing OTAQ Group”) is the development, provision and support of marine technology for use in the aquaculture and offshore oil and gas industries.

#### 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2019 has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. It does not include all the information required by International Financial Reporting Standards (“IFRS”) in full annual financial statements and should therefore be read in conjunction with the historical financial information set out in Section B of Part 9 of this document.

The condensed interim financial information for the six months ended 30 September 2019 and the comparative figures for the six months ended 30 September 2018 are unaudited. The figures for the year ended 31 March 2019 have been extracted from the historical financial information set out in Section B of Part 9 of this document.

The accounting policies adopted are consistent with those applied in the historical financial information, except for the adoption of new amended standards as set out below.

##### *New Amended standards adopted by the group*

- i) IFRS 16 ‘leases’ is a new accounting standard effective for accounting periods commencing on or after 1 January 2019 and is therefore applicable for the current interim reporting period. IFRS 16 replaces IAS 17 in providing a one lease accounting model requiring the recognition of assets and liabilities for all leases with the option to exclude leases where the underlying asset is of low value or the lease term is 12 months or less as at 1 April 2019 (the date of application). Given that all leases that the Existing OTAQ Group holds are for a duration of less than 12 months, the Existing OTAQ Group has elected to use this option and therefore the adoption of IFRS 16 has not had any financial impact and did not require retrospective adjustment.
- ii) IFRIC 23 “Uncertainty over income tax treatments” became effective for the first time for the interim period with no material impact on the reported amounts.

#### 3. Segment Information

The Existing OTAQ Group operates three primary segments, being the rental of intelligent acoustic systems designed to deter seals and sea lions from attacking fish farms (aquaculture), rentals of underwater measurement & leak detection devices in the Offshore (oil & gas) market and the manufacture and supply of underwater communication and other marine goods. This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the CEO) to make decisions about resources, and for which financial information is available. All revenues have been generated from continuing operations and are from external customers.

	<b>6-Month Period to 30 September 2019 <i>Unaudited</i> £000</b>	<b>6-Month Period to 30 September 2018 <i>Unaudited</i> £000</b>
<b>Analysis of revenue by segment</b>		
Amounts earned from Aquaculture equipment rentals and associated charges	935	572
Amounts earned from Offshore equipment rentals	343	—
Product sales and development income	479	81
	<u>1,757</u>	<u>653</u>

**Analysis of revenue by geographic location**

UK	1,308	572
Europe (excluding UK)	133	81
South America	125	—
Rest of the World	191	—
	<u>1,757</u>	<u>653</u>

**4. Administrative expenses**

	<b>6-Month Period to 30 September 2019 <i>Unaudited</i> £000</b>	<b>6-Month Period to 30 September 2018 <i>Unaudited</i> £000</b>
Wages and salaries (including directors' fees)	574	332
Rent and utilities	58	25
Motor and travel	131	92
Computer expenses and office sundries	11	24
Marketing	6	9
Research and development	9	22
Legal and professional	103	34
Audit and accountancy	41	22
Depreciation and amortisation	124	41
	<u>1,057</u>	<u>601</u>

**5. Goodwill**

Goodwill held by the Existing OTAQ Group increased since 31 March 2019 by £419,000 as a result of the acquisition of OTAQ Connectors (formerly named Link Subsea Limited). See note 6 for further information.

## 6. Acquisition of OTAQ Connectors

On 29 April 2019, OTAQ GL acquired 100% of the issued share capital of OTAQ Connectors, a supplier of connectors, penetrators and underwater communication products for the offshore, seismic, commercial, diving and nuclear energy industries. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

	<b>£000</b>
Cash paid	642
Ordinary shares issued	66
Deferred consideration, including:	
Cash	87
Shares	25
Total purchase consideration	<u>820</u>

The deferred consideration consists of 8 shares to be issued to the former owners of OTAQ Connectors on the first anniversary of the acquisition (29 April 2020) plus half of the deferred cash payment; on the second anniversary of completion (29 April 2021) a further 7 shares will be issued together with a final payment of the balance of the deferred cash payment. If the obligation to issue consideration shares falls after Admission, the shares to be issued are such number of Ordinary Shares in the Company that have an aggregate minimum market value of £14,000 in respect of the shares to be issued on 29 April 2020 and £16,000 in respect of the shares to be issued on 29 April 2021.

There is no contingent consideration.

The fair value of the 35 shares issued as part of the consideration paid for OTAQ Connectors at completion date (see Note 8 "Issued share capital"), as well as the fair value of 15 deferred consideration shares was based on OTAQ GL's share price of £1,900 per share determined as a result of valuation performed in April 2019.

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value Unaudited £000</b>
Property	3
Plant and machinery	4
Office equipment	1
Inventories	60
Account receivables	174
Cash	354
Trade payables	(65)
Payroll Taxation	(2)
Other employee benefit obligations	(3)
Corporate tax liability	(115)
VAT Liability	(10)
Net identifiable assets acquired	<u>401</u>
Add: Goodwill	419
Net assets acquired	<u>820</u>

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

The company manufactures a range of industry standard products and has not historically used trade names, so the directors consider there are no intangibles to be recognised at fair value.

The fair value of acquired receivables is £174,000. The gross contractual amount for trade receivables due is £174,000 none of which is expected to be uncollectible.

**Purchase consideration – cash outflow**

	<b>6-Month Period to 30 September 2019 <i>Unaudited</i></b>	<b>6-Month Period to 30 September 2018 <i>Unaudited</i></b>
	<b>£000</b>	<b>£000</b>
Outflow of cash to acquire subsidiary, net of cash acquired	643	—
Cash consideration	(354)	—
Less: cash acquired	<u>289</u>	<u>—</u>
Net outflow of cash – investing activities		

**7. Related party transactions**

**Transactions with shareholders and companies controlled by directors**

The following transactions with shareholders and companies controlled by directors of the Existing OTAQ Group were recorded during the period:

	<b>6-Month Period to 30 September 2019 <i>Unaudited</i></b>	<b>6-Month Period to 30 September 2018 <i>Unaudited</i></b>
	<b>£000</b>	<b>£000</b>
<b>Charges incurred during the 6-month period</b>		
<b>ROS Technology Limited</b> – a company controlled by a director for management charges invoiced	—	1
<b>Corsie Technology Limited</b> – a company controlled by a director for goods and services provided	40	40
<b>QualiteQ</b> – a company controlled by a director	10	—
<b>Mont Joly</b> – a company controlled by a director for goods and services provided	37	27
	<u>          </u>	<u>          </u>
<b>Balances at the end of the period</b>		
<b>QualiteQ</b> – a company controlled by a director		
Invoices paid by the Existing OTAQ Group	3	—
<b>Mr P D Newby</b> – a director		
Debt due to the Existing OTAQ Group	—	40
<b>Various Shareholders</b>		
Short-term loans payable by the Existing OTAQ Group	486	285
	<u>          </u>	<u>          </u>

## 8. Issued share capital

	Ordinary shares Number	Share capital £000	Share premium £000	Total £000
<i>Allotted, called up and fully paid ordinary shares of 3.125 pence</i>				
As at 31 March 2018	2,215	—	1,990	1,990
Shares issued	830	—	1,354	1,354
Expenses of share issues	—	—	(63)	(63)
<b>As at 30 September 2018 (Unaudited)</b>	<b>3,045</b>	<b>—</b>	<b>3,281</b>	<b>3,281</b>
	Ordinary shares Number	Share capital £000	Share premium £000	Total £000
<b>As at 31 March 2019</b>	<b>3,196</b>	<b>—</b>	<b>3,531</b>	<b>3,531</b>
Shares issued as part of acquisition (Note 5)	35	—	66	66
Shares issued for cash	565	—	1,073	1,073
Expenses of share issues	—	—	(50)	(50)
<b>As at 30 September 2019 (Unaudited)</b>	<b>3,796</b>	<b>—</b>	<b>4,620</b>	<b>4,620</b>

The balances classified as share capital and share premium include the total net proceeds (nominal value and share premium respectively) on issue of OTAQ GL's equity share capital, comprising ordinary shares.

### Share issues in the 6-month period ended 30 September 2018 (Unaudited)

During April 2018, OTAQ GL raised gross proceeds of £34,000 through the issue of 30 ordinary shares at an issue price of £1,150 per share.

During July 2018, OTAQ GL raised gross proceeds of £1,320,000 through the issue of 800 ordinary shares at an issue price of £1,650 per share.

Expenses associated with above shares issued in the 6-month period ended 30 September 2018 totalled £63,000 and have been deducted from share premium.

### Share issues in the 6-month period ended 30 September 2019 (Unaudited)

During April 2019, OTAQ GL raised gross proceeds of £1,066,000 through the issue of 561 ordinary shares at an issue price of £1,900 per share.

During April 2019, OTAQ GL raised gross proceeds of £7,000 through the issue of 4 ordinary shares at an issue price of £1,650 per share.

On 29 April 2019, OTAQ GL issued 35 shares valued at £1,900 per share with a value of £66,000, being part of the consideration for the acquisition of OTAQ Connectors. See also Note 6.

Expenses associated with above shares issued in the 6-month period ended 30 September 2019 totalled £50,000 and have been deducted from share premium.



**9. Subsequent events**

On 6 February 2020, the name of Link Subsea Limited was changed to OTAQ Connectors Limited.

On 7 February 2020, the name of Marinesense Ltd was changed to OTAQ Offshore Limited.

On 7 February 2020, the name of OTAQ Limited was changed to OTAQ Aquaculture Limited.

## PART 12

### TAXATION

#### General

The following statements do not constitute tax advice and are intended only as a general guide to current English law as applied in England and Wales and HM Revenue & Customs (“HMRC”) published practice, which may not be binding on HMRC, as at the date of this Document (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders in connection with the Placing and Admission and are intended to apply only, except to the extent stated below, to persons who are resident and, if individuals, domiciled in the UK for tax purposes, who are absolute beneficial owners of Ordinary Shares (otherwise than through an Individual Savings Account or a Self-Invested Personal Pension) and who hold the Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholder who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person’s) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Enlarged Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme.

**Any person who is in any doubt as to their tax position, or who is subject to any taxation in any jurisdiction other than the UK, should consult their own professional adviser without delay.**

#### United Kingdom taxation

##### *Taxation of dividends*

###### General

There is no UK withholding tax on dividends, including cases where dividends are paid to a Shareholder who is not resident (for tax purposes) in the UK.

###### UK resident Individual Shareholders

Dividend income is regarded as the top slice of the individual’s income. Each individual will have an annual dividend allowance of £2,000 which means that they will not pay tax on the first £2,000 of all dividend income that they receive (the “**Dividend Allowance**”).

Dividends in excess of the Dividend Allowance will be taxed at the individual’s marginal rate of tax. Where the dividend income falls within the basic rate income tax band that dividend income is taxable at 7.5 per cent. (the “dividend ordinary rate”). Where the dividend income falls within the higher rate income tax band, it is taxable at 32.5 per cent. (the “dividend upper rate”) and where it falls within the additional rate income tax band, it is taxable at 38.1 per cent. (the “dividend additional rate”).

###### UK discretionary trustees

The annual Dividend Allowance available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of discretionary trusts receiving dividends from shares are liable to account for income tax at the dividend trust rate, currently 38.1 per cent., subject to any reliefs. Trustees of non-resident discretionary trusts receiving dividends from shares may also be liable to income tax in certain circumstances.

###### Corporate Shareholders

A corporate Shareholder resident in the UK for tax purposes will be subject to UK corporation tax on dividend payments received from the Company unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009.

If the conditions for exemption are not met, or the Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividend payments received from the Company at the relevant corporation tax rates, currently 19 per cent. and reducing to 17 per cent. from 1 April 2020, under enacted UK law.

### ***Taxation of chargeable gains***

For the purpose of UK tax on chargeable gains, the acquisition of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company. The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a shareholder's holding for UK tax purposes.

### ***Individual Shareholders***

A disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. For Shareholders who are UK tax resident or temporarily non-UK tax resident, capital gains tax at a rate of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers) may be payable on any gain (after any available exemptions, reliefs or losses).

### ***Corporate Shareholders***

Where a Shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss), depending on the circumstances and subject to any available exemption or relief.

Corporation tax is charged on chargeable gains currently at the rate of 19 per cent. and reducing to 17 per cent. from 1 April 2020, as stated above.

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

The statements below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Certain categories of person are not liable to stamp duty or SDRT, and special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate or who may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

No UK stamp duty or SDRT should be payable on the issue of New Ordinary Shares pursuant to the Placing and Admission, other than as explained below.

Dealings in Ordinary Shares will generally be subject to stamp duty or SDRT in the normal way. An instrument effecting the transfer on sale of Ordinary Shares will generally be liable to stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration payable. However, where the amount or value of the consideration is £1,000 or less, and provided that the transfer does not form part of a larger transaction or series of transactions where the combined consideration exceeds £1,000, such instrument should be exempt from charge upon certification of such facts.

An unconditional agreement to transfer Ordinary Shares will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable, but such liability will be cancelled, or a right to a repayment (generally, with interest) in respect of the payment of such SDRT liability will arise, if the agreement is completed by a duly stamped or exempt transfer within six years of the agreement having become unconditional. Stamp duty and SDRT are normally a liability for the purchaser.

No stamp duty or SDRT will arise on a transfer of Ordinary Shares into the CREST system provided that the transfer is not for money or money's worth. Paperless transfers of Ordinary Shares within CREST are liable to SDRT (at a rate of 0.5 per cent. of the amount or value of the consideration payable) rather than stamp duty, and SDRT arising on the agreement to transfer Ordinary Shares under relevant transactions settled within the system or reported through it for regulatory purposes will generally be collected by CREST.

**This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK tax issues is based on the laws and regulations in force as of**

**the date of this document and may be subject to any changes in UK laws occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to 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.**

## PART 13

### CONSEQUENCES OF A STANDARD LISTING

As the Acquisition is classified as a Reverse Takeover, upon completion of the Acquisition, the Standard Listing of the Ordinary Shares will be cancelled and further applications will be made to the UK Listing Authority for the immediate re-admission of the Ordinary Shares (at such time comprising the Existing Ordinary Shares and the New Ordinary Shares) to Standard Listing (pursuant to Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange. Listing Principles 1 and 2 as set out in Listing Rule 7.2.1 of the Listing Rules also apply to the Company, and the Company must comply with such Listing Principles. Premium Listing Principles 1 to 6 as set out in Listing Rule 7.2.1AR of the Listing Rules do not apply to the Company.

However, while the Company has a Standard Listing, it is not required to comply with the provisions of *inter alia*:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Placing and Admission.
- Chapter 9 of the Listing Rules relating to the ongoing obligations for companies admitted to the Premium List, which therefore does not apply to the Company.
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that the Acquisition did not require Shareholder consent;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a 'related party transaction' as defined in Chapter 11 of the Listing Rules without specific prior approval of the independent Directors;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. Until an acquisition the Company will have unlimited authority to purchase Ordinary Shares, subject to the restrictions set out in the Companies Act; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules). Following the Acquisition (which constitutes a reverse takeover for the purposes of the Listing Rules, the Company's Standard Listing will be cancelled and the Company will be treated as a new applicant. At that point the Directors may seek admission as a Standard Listing or as a Premium Listing or another appropriate listing venue, based on the track record of the Company or business it acquires, subject to fulfilling the relevant eligibility criteria at the time. Alternatively, it may determine to seek re-admission to a Standard Listing, subject to eligibility criteria. If admission with a Premium Listing is possible (and there can be no guarantee that it will be) and the Company decides to seek a Premium Listing, the various Listing Rules highlighted above as rules with which the Company is not required to comply will become mandatory and the Company will comply with the continuing obligations contained within the Listing Rules (and the Disclosure Guidance and Transparency Rules) in the same manner as any other company with a Premium Listing. There can be no guarantee that once an acquisition is completed and the Company loses its Standard Listing that it will be eligible for admission to any public market.

**It should be noted that the FCA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Prospectus are themselves false, misleading or deceptive.**

## PART 14

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY STATEMENT

- 1.1 The Directors and the Proposed Directors of the Company, whose names appear in Part 4 of this Document, and the Company, declare that, to the best of their knowledge, the information contained in this Document is in accordance with the facts and that this Document makes no omission likely to affect its import.
- 1.2 Each of the members of the Concert Party, whose names appear in paragraph 19.1 of this Part 14 of this Document, accept responsibility for the information contained in this Document relating to himself or itself. To the best of the knowledge and belief of each member of the Concert Party the information contained in this Document for which they are responsible is in accordance with the facts and that this Document makes no omission likely to affect its import.

#### 2. THE COMPANY, ITS SHARE CAPITAL, SUBSIDIARIES AND PRIOR AUDITED ACCOUNTS

*The Company*

- 2.1 The Company was incorporated and registered in England and Wales on 22 June 2018 under the Companies Act as a public company limited by shares with the name Hertsford Capital PLC and registered number 11429299.

It is proposed that, following Completion, pursuant to the Resolutions the Company will change its name to OTAQ plc.

The registered office of the Company is at 16 Great Queen Street, London WC2B 5DG. From Admission, the registered office of the Company will be changed to 8-3-4 Harpers Mill South Road, White Cross, Lancaster, LA1 4XF and the telephone number of the Company's principal place of business will be 01524 748080.

The principal legislation under which the Company operates is the Companies Act and the regulations made under the Companies Act.

The principal activity of the Enlarged Group will be the design, development, provision and support of marine technology for use in the aquaculture industry and offshore oil and gas industries.

The Company's accounting reference date is 30 June each year. It is proposed that, with effect from Admission, the Company's accounting reference date be changed to 31 March each year which will ensure that the accounting reference date of the Enlarged Group is consistent. As a consequence, the Company's current accounting reference period will be shortened such that it will end on 31 March 2020.

#### 2.2 Share capital

- 2.2.1 The Company was incorporated with a share capital of two pence (£0.02) divided into 2 Ordinary Shares of 1 pence (£0.01) each, of which two (2) were issued fully paid to the subscribers to the Company's memorandum of association.
- 2.2.2 On 23 July 2018, a further four ordinary shares of 1 pence each were issued fully paid;
- 2.2.3 On 23 July 2018, the entire issued share capital of the Company was consolidated on a three-for-one basis, such that the nominal value of the Ordinary Shares became 3 pence;
- 2.2.4 Subsequently, on 23 July 2018, the Company allotted and issued a further 1,666,666 Ordinary Shares paid up in full;
- 2.2.5 On 3 August 2018, the Company obtained its trading certificate pursuant to section 761 of the Companies Act;
- 2.2.6 On 1 November 2018, the Company allotted and issued a further 333,333 Ordinary Shares at 3 pence per share for cash, paid up in full; and
- 2.2.7 On 21 November 2018, the Company allotted and issued a further 3,000,000 Ordinary Shares at 10 pence per share for cash, paid up in full; and

2.2.8 The Company will allot and issue a further 4 Ordinary Shares at 3 pence per share for cash, paid up in full after the date of this Document but as part of the Consolidation (to arrive at a round number of shares).

### 2.3 Information on the New Ordinary Shares

The New Ordinary Shares are Ordinary Shares of 3 pence each in the capital of the Company. The Company's ISIN is GB00BK6JQ137. The New Ordinary Shares have been created under the Companies Act. The currency of the New Ordinary Shares is Pounds Sterling.

The New Ordinary Shares currently contain the following rights:

2.3.1 Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each Shareholder present in person or by proxy will have one vote for each Ordinary Share held by such Shareholder;

2.3.2 In the case of joint holders of an Ordinary Share, if two or more persons hold an Ordinary Share jointly, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding;

2.3.3 It is expected that pre-emption rights on an issue of new Ordinary Shares (will be disapplied (in respect of future share issues whether for cash or otherwise) pursuant to the Resolutions;

2.3.4 Subject to the Companies Act, on a winding-up of the Company, the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, first to the holders of Ordinary Shares in an amount up to 3 pence per share in respect of each fully paid up Ordinary Share. If, following these distributions to holders of Ordinary Shares there are any assets of the Company still available, the shall be distributed to the holders of Ordinary Shares *pro rata* to the number of such fully paid up Ordinary Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares;

2.3.5 the Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors

Trading in the Company's Ordinary Shares was suspended following application by the Company on 12 February 2020. Application has been made for the Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that trading in the Company's Ordinary Shares will recommence on Admission and that Admission will become effective and unconditional dealings will commence at 8 a.m. on 31 March 2020.

The New Ordinary Shares have no restrictions on their transferability. All Ordinary Shares in the capital of the Company are freely transferrable save for the requirement of certain Shareholders not to transfer for a period from Admission and the publication of the Company's preliminary results for this period to 31 March 2020 or 150 days following Admission whichever is earlier (further details of which are set out in paragraph 12.12 of this Part 14).

Every five New Ordinary Shares (of 3p each) will be consolidated pursuant to the Consolidation Resolution into one Ordinary Share of 15p.

### 2.4 Warrants

1,600,000 Warrants over Ordinary Shares were granted by the Company on 27 November 2018 to various individuals pursuant to the terms of the Warrant Instrument, details of which together with proposed changes to the Warrant Instrument, are set out in paragraph 17 of Part 7 of this Document.

### 2.5 New Ordinary Share Options

As at the date of this Document, options over a total of not more than 284 ordinary shares in the capital of OTAQ GL have been granted, details of which are set out in paragraph 16 of Part 7 of this Document.

2.6 As at the date of this Document the issued share capital of the Company is:

<u>Nominal value (3p per share)</u>	<u>Number of Ordinary Shares</u>
£960,000.03	32,000,001

Following the Consolidation but before Admission, the issued share capital of the Company will be:

<u>Nominal value (15p per share)</u>	<u>Number of Ordinary Shares</u>
£960,000.15	6,400,001

- 2.7 Following the Placing, and the issue of the Consideration Shares (but excluding the Warrant Exercise and Ordinary Shares to be allotted thereunder and excluding the OTAQ Option Shares), the issued (fully paid) share capital of the Company will be £4,582,289.85 divided into 30,548,599 Ordinary Shares. A total of one million Ordinary Shares will be reserved for issue under the terms of the proposed share incentive plan described in paragraph 16 of Part 7 of this Document and in relation to the issue of the OTAQ Option Shares described in paragraph 16 of Part 7 of this Document.
- 2.8 The provisions of section 561 of the Companies Act (to the extent not disapplied as referred to in paragraph 2.3.3 above of this Part) confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up fully in cash. Statutory rights of pre-emption have been disapplied in order to:
- 2.8.1 permit the Directors to allot the Consideration Shares;
  - 2.8.2 permit the Directors to allot the Placing Shares;
  - 2.8.3 permit the Directors to allot Ordinary Shares on exercise of the Warrants;
  - 2.8.4 permit the Directors to allot the OTAQ Option Shares; and
  - 2.8.5 give the Directors flexibility in relation to rights or other pre-emptive issues;
- 2.9 The Ordinary Shares have been and will be created pursuant to the Companies Act and the Articles and will be sterling denominated. Prior to the Consolidation, these Ordinary Shares had a nominal value of 3 pence per share in the capital of the Company. After the Consolidation, these Ordinary Shares will have a nominal value of 15p per share. The Ordinary Shares will have the ISIN Number GB00BK6JQ137.
- 2.10 The Ordinary Shares are in registered form and are capable of being held in uncertificated form. The Company has applied to Euroclear for the New Ordinary Shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles of Association will permit the holding of Ordinary Shares under CREST. CREST is a voluntary system and holders of Ordinary Shares who wish to retain share certificates will be able to do so.

***Organisational structure, subsidiary undertakings and other holdings***

- 2.11 Following Admission, the Company will be the holding company of the Enlarged Group with the Company's immediate subsidiary being OTAQ GL. Up to Admission OTAQ GL is the holding company of the Existing OTAQ Group. Below is a list of the subsidiary undertakings of the Company that, following Admission, will be significant in terms of the Enlarged Group's assets and liabilities, financial position or profits and losses. Following Admission, each of these companies will be directly or indirectly wholly owned by the Company, the issued share capital of each is fully paid. There are no different voting powers.



<b>Name</b>	<b>Issued share capital</b>	<b>Principal activity</b>
<b>OTAQ Group Limited</b> (registered number 05471794) (England and Wales)	4,128 ordinary shares	Holding company.
<b>OTAQ Connectors Limited</b> (formerly named Link Subsea Limited) (registered number 03390514) (England and Wales)	100 ordinary shares	Design and manufacturing of high integrity under water connectors used in the offshore oil industry
<b>OTAQ Offshore Limited</b> (formerly named Marinesense Ltd) (registered number SC314760) (Scotland)	100 ordinary shares	Design and supply of underwater products to the offshore oil and gas industry such as laser measuring devices.
<b>OTAQ Aquaculture Ltd (formerly named OTAQ Ltd)</b> (registered number SC498922) (Scotland)	1,000 ordinary shares	Development of high frequency, ultrasonic deterrent systems for use in the aquaculture sector.
<b>Oceansense Ltd</b> (registered number SC638228) (Scotland)	1 ordinary share	Non-trading.
<b>OTAQ Chile SpA</b> (registered number 76.445.203-8 (Chile))	16 shares	Development and supply of high frequency, ultrasonic deterrent systems for use in the aquaculture sector in Chile.
<b>OTAQ Pty Ltd</b> (registered number ACN 613 828078 (Australia))	20 shares	Non-trading.

The financial statements of the above companies are consolidated in the annual financial statements of the Existing OTAQ Group for the year 31 March 2019 save for OTAQ Connectors which was acquired by OTAQ GL after 31 March 2019 and Oceansense Limited which was acquired on 1 October 2019.

## 2.12 Audited Accounts of the Company

The Company's audited accounts for the year ended 30 June 2019 are incorporated by reference and can be accessed at <http://hertsford-capital.com/>.

## 3. THE GENERAL MEETING

### 3.1 The following ordinary resolutions will be proposed at the General Meeting:

1. *That the grant of a waiver by the Panel of any obligation that would otherwise arise under Rule 9 of the Takeover Code for any of the Concert Party to make a general offer to Shareholders, as a result of the allotment and issue to them of the Consideration Shares, the Concert Party Placing Shares, any Concert Party Warrant Shares and Option Shares, be and is hereby approved.*
2. *That, subject to the passing of resolution 1 and in accordance with article 55 of the Company's articles of association and section 618 of the Companies Act 2006, every existing five ordinary shares of £0.03 (three pence) each in the capital of the Company in issue be consolidated into one ordinary share of £0.15 (fifteen pence) each in the capital of the Company, such ordinary shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.03 each in the capital of the Company as set out in the Company's articles of association from time to time.*

3. *That, subject to the passing of resolution 2:*
- 3.1 *the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (CA 2006) to issue and allot shares in the Company or grant rights to subscribe for or convert any security into shares of the Company (Rights) up to an aggregate nominal amount of £7,079,627.55, provided that this authority will, unless previously renewed, varied or revoked, expire on 31 March 2021 or, if earlier, at the conclusion of the next annual general meeting of the Company except that the Company may, before such expiry, make offers or agreements which would or might require Rights to be allotted or granted after such expiry and the Directors may allot or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired; and*
- 3.2 *this authority revokes and replaces all unexercised authorities previously granted to the Directors to allot or grant Rights, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.*
- 3.2 The following special resolutions will be proposed at the General Meeting:
4. *That, subject to the passing of resolution 3:*
- 4.1 *in accordance with section 570 CA 2006, the Directors be given the general power to allot equity securities (as defined in section 560 CA 2006) for cash, pursuant to the authority conferred by resolution 3 for cash as if section 561(1) CA 2006 did not apply to any such allotment. This power is limited to:*
- 4.1.1 *(subject to such exclusions or other arrangements as the board of directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in, or under, the laws of any territory or the requirements of any regulatory body or stock exchange) the allotment of equity securities in connection with an offer:*
- 4.1.1.1 *the allotment of the Consideration Shares, the Placing Shares and the Option Shares;*
- 4.1.1.2 *by way of rights issue:*
- (a) *to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and*
- (b) *holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary.*
- 4.1.2 *the allotment (otherwise than pursuant to 4.1.1) of equity securities up to an aggregate nominal amount of £506,229; and*
- 4.2 *the Directors may, for the purposes of 4.1, impose any limits or restrictions and make any arrangements which they consider necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or any regulatory body or stock exchange:*
- 4.3 *the power granted by this resolution will expire on 31 March 2021 or, if earlier, at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company prior to or on such date) except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement notwithstanding that the power conferred by this resolution has expired; and*
- 4.4 *this resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) CA 2006 did not apply but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.*

#### 4. PROPERTY, PLANT AND EQUIPMENT

4.1 The following are summary details of the Existing OTAQ Group's principal properties:

<b>Company</b>	<b>Address</b>	<b>Current rent per annum excl of VAT</b>	<b>Tenure and unexpired term</b>	<b>Current use</b>	
OTAQ GL	Suites 5A and 6 Crombie Lodge, Aberdeen Innovation Park, Aberdeen AB22 8GU	£46,557.00 (per annum)	5 years from 16 January 2020	Class 4 of TCPUSO 1997	
OTAQ GL	European Centre for Marine Biotechnology, Scottish Marine Institute, Oban, PA37 1QA	£25 (per month)	1 year from 1 May 2019		Not specified
OTAQ GL	Units 8-3-2, 8-3-4 and 8-3-6 Harpers Mill, White Cross, Quarry Road, Lancaster, LA1 4XQ	£7,332 (per annum)	3 years from 31 August 2017	Classes B1, B2 & B8 of TCPUCO 1987	
OTAQ GL	Unit 8-4-1 Harpers Mill, White Cross, Quarry Road, Lancaster, LA1 4XQ	£3,519.95 (per annum)	3 years from 1 July 2015 (lease is being occupied on a periodic tenancy basis)	Classes B1, B2 & B8 of TCPUCO 1987	
OTAQ GL	Unit 8-4-11 Harpers Mill, White Cross, Quarry Road, Lancaster, LA1 4XQ	£5,990 (per annum)	3 years from 1 June 2017	Class B2 of TPCUCO 1987	
OTAQ Connectors Limited	Unit 8, Lightburn Trading Estate, Ulverston, Cumbria	£7,750 (per annum)	1 year from 7 February 2016 (lease is being occupied on a periodic tenancy basis)		Classes B1 and B8 of TPCUCO 1987
OTAQ Connectors Limited	Unit 9-10, Lightburn Trading Estate, Ulverston, Cumbria	£2,125 (per annum)	125 years from 24 June 1985		Classes B1 and B8 of TPCUCO 1987

## 5. MEMORANDUM AND ARTICLES OF ASSOCIATION

- 5.1 Pursuant to section 31 of the Companies Act, the Company has unrestricted objects. Set out below is a summary of the provisions of the Articles. A copy of the Articles is available for inspection at the address specified in paragraph 2.1 of this Part 14 of this Document.

### *Articles of Association*

- 5.2 The Articles of Association (which were adopted subject to and conditionally upon Admission taking place) contain provisions, among others, to the following effect.

#### 5.2.1 Share Capital

The Company's share capital currently consists of Ordinary Shares. The liability of the members of the Company is limited to the amount, if any, unpaid on the Ordinary Shares held by them. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution or as the Board shall determine, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares. Subject to Companies Act, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares in issue may (unless otherwise provided by the terms of issue of the shares of that class) from time to time be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise).

#### 5.2.2 Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

#### 5.2.3 Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and revert to the Company. The Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

#### 5.2.4 Transfer of Ordinary Shares

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (a) it is only for one class of share;
- (b) it is in favour of no more than four joint transferees;
- (c) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (d) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate

has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

#### 5.2.5 Allotment of share and pre-emption rights

Subject to the Companies Act and the Articles and in accordance with section 551 of the Companies Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined in the Companies Act):

- (a) in accordance with a rights issue;
- (b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

#### 5.2.6 Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the third annual general meeting all Directors shall retire from office and may offer themselves for re-appointment by the Shareholders by ordinary resolution.

At every subsequent annual general meeting any director who:

- (a) has been appointed by the Directors since the last annual general meeting; or
- (b) was not appointed or re-appointed at one of the preceding two annual general meetings;

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed such amount as may from time to time be decided by ordinary resolution of the Company. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (c) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (d) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (e) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

#### 5.2.7 General meetings

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

#### 5.2.8 Borrowing powers

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

- (a) borrow money;
- (b) indemnify and guarantee;
- (c) mortgage or charge;
- (d) create and issue debentures and other securities; and
- (e) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 5.2.9 Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

#### 5.2.10 Uncertificated Shares

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertified share or otherwise to enforce a lien in respect of it.

#### 5.2.11 Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide among the Shareholders in specie any whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division should be carried out as between the Shareholders or different classes of Shareholder. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

### 5.3 **Indemnity**

- 5.3.1 Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which a Director or other officer may otherwise be entitled, every Director or other officer of the Company (except auditors) shall, if and to the extent resolved by the Board, be indemnified out of the assets of the Company against any costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. The indemnity shall not apply to the extent that the Director or other officer recovers from another person.
- 5.3.2 For the avoidance of doubt and in accordance with section 232 of the Companies Act, such an indemnity in favour of a Director shall be constituted as a “qualifying third party indemnity provision” and shall not provide an indemnity against any liability incurred by a Director to the Company or to any associated company (as defined in and for the purposes of those sections) and shall not indemnify any Director against any liability incurred by that Director to pay a criminal fine or a non-compliance fine to a regulatory authority.
- 5.3.3 Subject to the provisions of the Companies Act, the Board may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is a Director, other officer or employee or former employee of the Company or of a Subsidiary Undertaking or of a company or body in which the Company has an interest, direct or indirect, or of a company or body which is in any way allied to or associated with the Company and, in the case of a Director, a director of an associated company of the Company as defined in section 256 of the Companies Act or a person who is or was a trustee of a retirement benefits scheme or of another trust in which a Director, other officer or employee or former employee is or has been interested, indemnifying him against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.
- 5.3.4 For the purposes of paragraphs 5.3.1 and 5.3.3 above, the terms “**Director**” or “**officer**” shall include any former Director or other officer of the Company (but not any current or former auditor).

## 6. SUBSTANTIAL SHAREHOLDERS

- 6.1 Other than the shareholdings of Directors and connected persons which are set out in paragraph 17.3 of Part 14 of this Document, the Company is aware that the following persons have at the date of this Document an interest in, or will following Admission, be interested in, three (3) per cent. or more of the issued Ordinary Share capital of the Company:

over 3%	Ordinary Shares held post consolidation	% of issued existing issued share capital	Consideration Shares (Note 1)	Placing Shares (Note 2)	Ordinary Shares held at Admission	% of issued share capital at Admission (Note 8)
Harry & Anita Hyman (Note 3 and 4)	281,111	4.39%	417,440	61,000	759,551	2.49%
Paul & Philippa Curtis (Note 5)	501,731	7.84%	219,156	0	720,887	2.36%
Euroblue Investments (Note 7)	—	—	4,038,732	0	4,038,732	13.22%
Jarvis Investment Management (EO)	329,680	5.15%		0	329,680	1.08%
Canaccord Genuity Group Inc	600,000	9.37%	1,350,000	0	1,950,000	6.38%
Livingbridge VC LLP	600,000	9.37%	0	0	600,000	1.96%
David Evans	396,200	6.19%	1,090,562	0	1,486,762	4.87%
Andrew Headley	383,500	5.99%		0	383,500	1.26%
Harald Rotsch		0.00%	2,113,290	0	2,113,290	6.92%
David and Vivien Poutney (Note 6)	—	—	1,549,746	67,500	1,617,246	5.29%

**Note 1** – shows the number of Consideration Shares

**Note 2** – shows the participation in the Placing

**Note 3** – at Admission includes 10,000 Ordinary Shares held by Anita Hyman (Harry Hyman's wife) and 109,578 Shares held by Nexus Central Management Services Ltd a company controlled by Harry Hyman.

**Note 4** – excludes warrants to subscribe for 80,000 Ordinary Shares.

**Note 5** – at Admission 284,000 Ordinary Shares are held by Paul Curtis and 436,887 Ordinary Shares are held by Philippa Curtis.

**Note 6** – at Admission 563,544 Ordinary Shares are held by David Poutney and 986,202 Ordinary Shares are held by Vivien Poutney. David Poutney is an associate of Dowgate.

**Note 7** – Euroblue Investments is controlled by Mr Nigel Wray.

**Note 8** – The holdings of substantial shareholders immediately following Admission are based on the following assumptions: (i) the Placing having occurred and the Placing Shares having been issued; and (ii) the issue of the Consideration Shares. However, it does not include (a) the issue of Ordinary Shares to satisfy the acquisition of the ODAQ GL shares issued pursuant to the exercise of the ODAQ Share Options detailed in paragraph 16 of Part 7 of this Document; and (b) the issue of the Warrant Shares (further details of which are located in paragraph 17 of Part 7 of this Document);

- 6.2 The Company's share capital consists 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.
- 6.3 Save as disclosed in this Document, there are no persons, so far as the Company is aware, who are or will be immediately following Admission holding voting rights (within the meaning of Rule 5 of the Disclosure Guidance and Transparency Rules) in three (3) per cent or more of the Company's issued Ordinary 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. CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

### 7.1 Capitalisation

The following table sets out the capitalisation of the Company, extracted without material adjustment from the Company's audited accounts as at 30 June 2019.

	<b>£'000</b>
Share capital	960
Share premium	1,924
Other reserve	4
<b>Total capitalisation</b>	<b>2,888</b>

### 7.2 Indebtedness

The following table sets out the gross and net indebtedness of the Company, extracted without material adjustment from the Company's audited accounts as at 30 June 2019.

	<b>£'000</b>
<b>Gross indebtedness</b>	
<b>Total current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed and unsecured	—
<b>Total non-current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed and unsecured	—
<b>Total</b>	<b>—</b>

	<b>£'000</b>
<b>Net liquidity</b>	
Cash	2,841
Cash equivalents	—
<b>Liquidity</b>	<b>2,841</b>
Current bank debt	—
Other current financial debt	—
<b>Current financial debt</b>	<b>—</b>
<b>Net current Financial Indebtedness</b>	<b>—</b>
Non-current Bank Loans	—
Other non-current loans	—
<b>Non-current Financial Indebtedness</b>	<b>—</b>
<b>Net Financial Indebtedness/Cash</b>	<b>2,841</b>

The Company had no indirect or contingent indebtedness at 30 June 2019. Since 30 June 2019, there has been no material change in the capitalisation and indebtedness position of the Company.

## 8. CAPITALISATION AND INDEBTEDNESS OF THE EXISTING OTAQ GROUP

### 8.1 Capitalisation

The following table sets out the capitalisation of the Existing OTAQ Group, extracted without material adjustment from the Existing OTAQ Group's unaudited management accounts as at 31 January 2020.

	<b>£'000</b>
Share capital	—
Share premium	4,906
<b>Total capitalisation</b>	<b>4,906</b>

### 8.2 Indebtedness

The following table sets out the gross and net indebtedness of the Existing OTAQ Group, extracted without material adjustment from the Existing OTAQ Group's unaudited management accounts as at 31 January 2020.

	<b>£'000</b>
<b>Gross indebtedness</b>	
<b>Total current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed and unsecured	526
	<b>526</b>
<b>Total non-current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed and unsecured	—
<b>Total</b>	<b>526</b>
	<b>£'000</b>
<b>Net liquidity</b>	
Cash	662
Cash equivalents	—
<b>Liquidity</b>	<b>662</b>
Current bank debt	—
Other current financial debt	(526)
<b>Current financial debt</b>	<b>(526)</b>
<b>Net current Financial Indebtedness</b>	<b>136</b>
Non-current Bank Loans	—
Other non-current loans	—
<b>Non-current Financial Indebtedness</b>	<b>—</b>
<b>Net Financial Indebtedness/Cash</b>	<b>136</b>

The Existing OTAQ Group had no indirect or contingent indebtedness at 31 January 2020. Since 31 January 2020, there has been no material change in the capitalisation and indebtedness position of the Existing OTAQ Group.

## **9. SIGNIFICANT CHANGE**

- 9.1 There has been no significant change in the financial performance or trading position of the Company since 30 June 2019, being the date of the last audited accounts.
- 9.2 Save as set out in paragraph 2 of Part 8 of this Document (Current Trading and Prospects) there has been no significant change in the financial performance or trading position of the Existing OTAQ Group since 30 September 2019, being the date of the unaudited interim financial information of the Existing OTAQ Group (which are set out in Part 11 of this Document).

## **10. LITIGATION**

- 10.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which during the 12 month period prior to the publication of this document may have, or have had in the recent past, significant effects on the Company or the Enlarged Group's financial position or profitability.

## **11. MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES RELATING TO ORDINARY SHARES**

### **Mandatory Bids**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 11.1 a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Company; or
- 11.2 a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or his concert parties during the previous 12 months.

### **Squeeze-out rules**

Under the Companies Act, if an offeror were to acquire 90% or more of the Ordinary Shares within the period specified by the Companies Act, it could then compulsorily acquire the remaining Ordinary Shares. It would do so by sending a notice to the relevant Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such Shareholders. The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the relevant takeover offer, unless such Shareholders can show that the offer value is unfair.

### **Sell-out rules**

The Companies 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 of 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% of the Ordinary Shares, any holder of the Ordinary Shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **12. MATERIAL CONTRACTS**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Enlarged Group in the period of two years prior to the date of this Document which are (i) material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document:

### **12.1 Registrar Agreement**

The Company entered into a registrar agreement with the Registrar on 15 November 2018 for an initial period of 12 months from 6 November 2018. The Registrar is responsible for providing share registration services to the Company under the agreement.

The Company agreed to pay the Registrar's fees in quarterly arrears in respect of its standard service. The basic fee comprises £1.60 per holding per annum (subject to a minimum charge of £550 per quarter). The Registrar may, on 1 April each year, review its fee arrangements and will give the Company at least one month's written notice of any alteration so such charges. The Registrar agreement is governed by English law.

### **12.2 2018 Lock-in agreements**

Pursuant to lock-in-deeds dated 21 November 2018, each of Harry Hyman, Rodger Sargent, Sarah Gills and Alexander Hambro undertook not to dispose of any of their interests in their Ordinary Shares for a period of 1 year (except in certain restricted circumstances, including in the event of an intervening court order, a takeover becoming or being declared unconditional, or the death of such shareholder). The lock-in deed is governed by English law.

### **12.3 Chile Minority Purchase Agreement**

With effect from 21 February 2020 OTAQ GL and Gary McNicol ("GM") entered into a purchase agreement pursuant to which OTAQ GL has agreed to purchase GM's shareholding in OTAQ Chile in consideration for the issue to GM of 15 new OTAQ GL shares or (if the completion of that agreement occurs after Admission) 78,270 Ordinary Shares of the Company.

### **12.4 Warrants**

On 21 November 2018 the Company entered into the Warrant Instrument to constitute warrants to subscribe for up to 1,600,000 Ordinary Shares. In aggregate, 1,600,000 Warrants have been issued to Harry Hyman, Rodger Sargent, Sarah Gills and Alexander Hambro.

### **12.5 Deed of Waiver and Variation**

With effect from 21 February 2020 the Company entered into a Deed of Waiver and Variation (with consent of the Warrantheolders) whereby the Warrant Instrument was amended (subject to Admission) to waive the Exercise Condition in respect of the Warrants and to extend the period of exercise until the third anniversary of Admission.

### **12.6 2018 Dowgate Engagement Letter**

Pursuant to an agreement entered into between OTAQ GL and Dowgate dated 1 November 2018, Dowgate agreed to act as financial adviser and sole broker to the Company and use its reasonable endeavours to raise up to £3,000,000. Dowgate received a fee of £60,000 pursuant to the agreement. The agreement is governed by English law.

### **12.7 2019 Dowgate Engagement Letter**

Pursuant to an agreement entered into between the OTAQ GL and Dowgate dated 22 August 2019, Dowgate agreed to act as adviser, placing agent and sole broker to OTAQ GL in respect of the reverse takeover of OTAQ GL by the Company and the Placing. The agreement is governed by English law.

## 12.8 2018 Placing Agreement

Pursuant to an agreement entered into between the Company and Dowgate dated 19 November 2018, the Company engaged Dowgate to act as its sole financial adviser and broker following the Company's 2018 Admission. Dowgate's appointment was for an initial term commencing on the date of the 2018 Admission until the Company's first acquisition. The agreement contains certain warranties and undertakings given by the Company in favour of Dowgate. The agreement is governed by English law.

## 12.9 2020 Placing Agreement

On 10 March 2020, the Company, the Directors, Proposed Directors, Dowgate and Jagjit Mundi entered into the Placing Agreement, pursuant to which, Dowgate has agreed on the terms set out therein, to act as the Company's broker in relation to the Placing and to act as the agent of the Company in using its reasonable endeavours to procure Placees in respect of the Placing. In consideration for Dowgate's obligations the Company has agreed to pay Dowgate (i) a transaction support fee of c. £120,000, (ii) an advisory fee of £72,500 and (iii) £25,000 in respect of the production of a research note following Admission. Conditional on Admission Dowgate will receive a commission of 5% of the aggregate value at the placing price of the Placing Shares. The agreement contains certain warranties and undertakings given by the Company in favour of Dowgate and by the Directors, Proposed Directors and Jagjit Mundi in favour of Dowgate.

Pursuant to this agreement, each of Alex Hambro, Philip Newby, Jagjit Mundi, George Watt and Sarah Gills have undertaken not to dispose of any of their interests in their Ordinary Shares for a period from Admission until the date which is 12 months following Admission. Thereafter for a period expiring 24 months from Admission they have undertaken only to dispose of their Ordinary Shares through the Company's brokers so as to maintain an orderly market, (except in certain restricted circumstances, including in the event of an intervening court order, a takeover becoming or being declared unconditional, or the death of such shareholder or where Dowgate have otherwise given their consent). The agreement is governed by English law.

## 12.10 OTAQ Offshore Purchase Agreement

On 23 November 2018, OTAQ GL entered into a share purchase agreement whereby it agreed to acquire the entire issued share capital of OTAQ Offshore (formerly named Marinsense Limited) from Harold Volker Rotsch, Andrew Fraser and Anthony Jakas. The consideration for the acquisition of OTAQ Offshore was (a) £500,000 in cash (£250,000 on completion and a further £250,000 due on 23 November 2020); (b) the issue of 453 OTAQ GL ordinary shares to the selling shareholders of OTAQ Offshore, (issued as described below), (c) a cash payment due five days after the accounts of OTAQ Offshore for the period ending 31 March 2020 are finalised calculated as of 50% of the earnings of OTAQ Offshore before interest and taxes in excess of £450,000 up to a maximum payment of £150,000 and (d) a cash payment of £500,000 less the aggregate market value of the Third Deferred Consideration Shares (as defined below) at 23 November 2021.

The deferred consideration shares referred to in the immediately preceding paragraph were issuable in three tranches: 151 on completion; 151 on 23 November 2019 (these have been issued) and 151 on 23 November 2021 (this last tranche of deferred consideration shares being the "**Third Deferred Consideration Shares**"). The OTAQ Offshore Purchase Agreement is governed by English law. The OTAQ Offshore Purchase Agreement has been amended by the OTAQ Offshore Purchase Agreement Amendment described at paragraph 12.15 of this Part 14. The Third Deferred Consideration Shares have been issued prior to the date of this Document.

## 12.11 OTAQ Connectors Purchase Agreement

On 29 April 2019, OTAQ GL entered into a share purchase agreement whereby it agreed to acquire the entire issued share capital of OTAQ Connectors (formerly named Link Subsea Limited) from David Andrew Bowler and Joyce Newton. The consideration for the acquisition of OTAQ Connectors was £400,000 in cash and the issue of 50 OTAQ GL ordinary shares, payable as to £300,000 in cash on completion and further payments of £50,000 due to the OTAQ Connectors sellers on each of 29 April 2020 and 29 April 2021.

35 OTAQ GL ordinary shares were issued to the OTAQ Connectors sellers on completion. An 8 additional ordinary shares due to be issued on 29 April 2020 and 7 additional ordinary shares due to be issued on 29 April 2021. The OTAQ Connectors Purchase Agreement has been amended by the OTAQ Connectors Purchase Agreement Amendment described at paragraph 12.16 of this Part 14 and the 8 ordinary shares and 7 ordinary shares due to be issued as above were issued prior to the date of this Document. The OTAQ Connectors Purchase Agreement is governed by English Law.

#### 12.12 **OTAQ Purchase Agreements**

On 10 March 2020, the Company and the Sellers entered into a share purchase agreement (the “**Main SPA**”) pursuant to which the Company acquired 3,552 OTAQ GL shares (representing approximately 86% of the issued share capital of OTAQ GL) from OTAQ GL shareholders who are party to that agreement (the “**Signing Shareholders**”). This therefore enabled OTAQ GL to invoke the provisions of the drag-along mechanism in Article 30 of the articles of association of OTAQ GL (the “**Drag Along Process**”). That Drag Along Process involves the issue of a drag-along notice to the remaining OTAQ GL shareholders who are not Signing Shareholders (“**Dragged Shareholders**”). Pursuant to the Drag Along Process after the expiry of 7 days, OTAQ GL is entitled to appoint someone to sign an agreement (the “**Dragged Shareholder Purchase Agreement**”) and any necessary transfers to transfer any shares in OTAQ GL held by the Dragged Shareholders. Any such agreement will be subject to Admission.

OTAQ GL therefore proposes, pursuant to the Drag Along Process, to sign the Dragged Shareholder Purchase Agreement whereby the Company through the drag along mechanism contained in the articles of association of OTAQ GL will acquire the remaining 576 OTAQ GL shares (representing approximately 14% of the issued share capital of OTAQ GL). Following completion of the Drag Along Process, the Company will hold 100% of the issued share capital of OTAQ GL.

The Main SPA and the Dragged Shareholder Purchase Agreement are together the “**OTAQ Purchase Agreements**”. Under each of the OTAQ Purchase Agreements: (i) the consideration will be satisfied by the allotment by the Company to the relevant Sellers of 5,218 Ordinary Shares for each OTAQ GL share transferred, (ii) there are certain warranties granted by the Sellers in favour of the Company, (iii) each Seller undertakes not to dispose of the Ordinary Shares issued to them pursuant to such agreements for the period from Admission to the earlier of 150 days after Admission and the publication of the Company’s preliminary results for the period to 31 March 2020. Each of the OTAQ Purchase Agreements is governed by English law.

#### 12.13 **Jagjit Mundi Purchase Agreement**

On 10 March 2020, the Company and Jagjit Mundi (the “**Seller**”) entered into a purchase agreement pursuant to which the Company has agreed to acquire from the Seller the shares in OTAQ GL to be issued to the Seller pursuant to the option arrangements described in paragraph 16 of Part 7 of this Document, (as and when such options are exercised by the Seller) in consideration of the issue to the Seller by the Company of 5218 Ordinary Shares for each OTAQ GL share transferred.

#### 12.14 **Phil Newby Purchase Agreement**

On 10 March 2020, the Company and Phil Newby (the “**Seller**”) entered into a purchase agreement pursuant to which the Company has agreed to acquire from the Seller the shares in OTAQ GL to be issued to the Seller pursuant to the option arrangements described in paragraph 16 of Part 7 of this Document, (as and when such options are exercised by the Seller) in consideration of the issue to the Seller by the Company of 5218 Ordinary Shares for each OTAQ GL share transferred.

#### 12.15 **OTAQ Offshore Purchase Agreement Amendment**

On 4 March 2020, OTAQ GL, Harold Volker Rotsch, Andrew Fraser and Anthony Jakas (the “**Offshore Sellers**”) entered into an amendment to the OTAQ Offshore Purchase Agreement (described at paragraph 12.10 of this Part 14) in terms of which the parties agreed that 151 ordinary shares of OTAQ GL be issued (subject to Admission) to the Offshore Sellers in satisfaction of the obligation to issue the Third Deferred Consideration Shares. It is proposed that these shares are also acquired by the Company pursuant to the OTAQ Purchase Agreements on the same basis as the acquisition of shares from other OTAQ GL Sellers.

#### **12.16 OTAQ Connectors Purchase Agreement Amendment**

On 9 March 2020, OTAQ GL, Andrew Bowler and Joyce Newton entered into an amendment to the OTAQ Connectors Purchase Agreement (described at paragraph 12.11 of this Part 14) in terms of which the parties agreed that 15 ordinary shares of OTAQ GL be issued (subject to Admission) to Joyce Newton in satisfaction of the obligation to issue the 15 deferred consideration shares referred to in paragraph 12.11 of this Part 14. It is proposed that these shares are also acquired by the Company pursuant to the OTAQ Purchase Agreements on the same basis as the acquisition of shares from other Sellers.

#### **13. CONSENTS AND RELATED MATTERS**

- 13.1 RSM Corporate Finance LLP of 25 Farringdon Street, London EC4A 4AB has given and not withdrawn its written consent to the inclusion in this Document of its Accountant's Report in Part 9 of this Document, its reports on the *pro forma* statements of net assets in Part 10 of this Document and its report on the unaudited Interim Financial Information in Part 11 of this Document, and the references to them and to their name, in the form and context in which they appear and has authorised the contents of those parts of this document which comprise its reports and its letters for the purposes of PR 5.3.3R(2)(f) of the Prospectus Rules.

#### **14. ADMISSION TO TRADING, SETTLEMENT AND DEALING ARRANGEMENTS**

Application has been made for the New Ordinary Shares to be admitted to the Official List, by way of a Standard Listing, and to trading on the Main Market. Dealings in the Ordinary Shares are expected to commence at 8 a.m. on 31 March 2020. No application has or will be made for the Existing Ordinary Shares, the New Ordinary Shares or any Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

No temporary documents of title will be issued. All documents sent by or to an Investor will be sent by post at the Investor's own risk. Pending the dispatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

#### **15. DILUTION**

Shareholdings immediately prior to Admission will be diluted by approximately 400% as a result of the issue of the New Ordinary Shares.

#### **16. STATUTORY AUDITORS**

- 16.1 The accounts of the Existing OTAQ Group for the year ended 31 March 2017 were audited by CWR Limited of Mannin Way, Lancaster Business Park, Caton Road, Lancaster, LA1 3SW. The accounts of the Existing OTAQ Group for the years ended 31 March 2018 and 31 March 2019 were audited by RSM UK Audit LLP of 3 Hardman Street, Manchester, M3 3HF. The accounts of OTAQ Offshore for the year ended 31 March 2019 were audited by RSM UK Audit LLP of 3 Hardman Street, Manchester, M3 3HF, with no statutory auditor appointed in preceding periods. The accounts of OTAQ Connectors for the three periods ended 31 March 2019 were unaudited as no statutory auditor was appointed. The accounts of Hertsford have been audited, since incorporation, by Haysmacintyre LLP of 10 Queen Street Place, London EC4R 1AG.

#### **17. EMPLOYMENT INVOLVEMENT AND REMUNERATION**

- 17.1 Jagjit Mundi and Philip David Newby were granted the OTAQ Share Options to subscribe for OTAQ GL shares. Details of these arrangements are set out in paragraph 16 of Part 7 of this Document.

After Admission, it is proposed that the Company will create a new share incentive plan pursuant to which options shall be granted for employees of the Enlarged Group to subscribe for Ordinary Shares (the "**Plan**"). The Plan shall require shareholder approval which will be sought in due course after Admission. No shares shall be allotted pursuant to the Plan prior to the Company obtaining shareholder approval.

### ***Remuneration arrangements***

#### **17.2 *Directors' letters of appointment***

Each of the Directors were appointed as Non-Executive Directors by the Company pursuant to letters of appointment dated 21 November 2018 for an initial period of 12 months and thereafter subject to termination by either party on three months' notice. Save in the case of Mr Rodger Sargent, the Non-Executive Directors each agreed to not be remunerated until such time as the Company makes an acquisition. Mr Sargent was paid a one-off fee of £20,000 by the Company for his services to the Company prior to, and in preparation for the 2018 Admission. Each of the Directors agreed to commit an equivalent of at least one day a month to the Company. The Directors are not entitled to any other benefits other than the reimbursement of their reasonable expenses. The letters of appointment are governed by English law.

The appointments of Harry Hyman and Rodger Sargent will be terminated on Admission. Alexander Hambro and Sarah Gills will both remain as an independent, non-executive directors of the Company after Admission however each will enter into a new letter of appointment (further details of which are noted at paragraph 17.3 of this Part 14. Alexander Hambro will be the non-executive Chairman after Admission.

Rodger Sargent has been paid a further fee of £20,000 in connection with the Acquisition.

#### **17.3 *The Proposed Directors***

In relation to the last full financial year for OTAQ GL, Philip David Newby was paid a total of £120,000.

Simon Walters will be appointed as a director of the Company immediately prior to Admission. Simon Walters' services are provided by Headline FD Limited ("**Headline**") pursuant to the terms of the Headline Engagement Letter. From 29 November 2019 (being the date of the Headline Engagement Letter) to Admission in relation to services provided to OTAQ GL, Headline has invoiced OTAQ GL the total sum of £42,500 (plus VAT).

George Watt will be appointed as a director of the Company immediately prior to Admission.

Alexander Hambro and Sarah Gills have not been remunerated since the date of their appointments as directors of the Company. Details of their proposed remuneration arrangements are set out below.

In addition to his remuneration referred to above, Philip David Newby was granted certain of the OTAQ Share Options to subscribe for OTAQ GL shares. Details of these arrangements are set out in paragraph 16 of Part 7 of this Document.

#### ***Proposed Directors' Service Contracts / Letters of appointment***

##### **Philip David Newby**

Philip Newby will enter into a new service contract on Admission pursuant to which he will be employed as the Chief Executive Officer of the Enlarged Group.

Under the terms of his service contract, Mr Newby is required to dedicate 37.5 hours per week to working on the Enlarged Group's matters, plus any additional time as may be necessary for the proper performance of his duties. He is not entitled to receive any additional remuneration for additional hours worked.

Mr Newby will be paid an initial salary of £150,000 per annum which shall be subject to annual review by the Board's remuneration committee. Mr Newby is entitled to a bonus and it is at the absolute discretion of the Board's remuneration committee to set the amount of such a bonus. He is also entitled to certain other employee benefits such as entitlement to private medical insurance and a car allowance of up to £9,000 per annum.

Mr Newby's employment will have no minimum term and must be terminated by either party giving written notice to the other of not less than 6 months. In addition, Mr Newby's employment may be terminated without notice in certain circumstances. The service contract contains garden leave provisions which can be utilised in the event that Mr Newby's employment is terminated.

The service contract also contains confidentiality, non-competition and non-solicitation provisions effective for a period of 12 months following termination of Mr Newby's employment.



### Simon Walters

The provision of Simon Walters' services will continue to be provided through the Headline Engagement Letter.

### Alexander Hambro, George Watt and Sarah Gills (the "NEDs")

Each of the NEDs will enter into a letter of appointment on Admission in respect of their appointments as non-executive directors of the Company.

Alexander Hambro's existing letter of appointment will be terminated at Admission and will enter into a new appointment letter. He will be paid £30,000 per annum pursuant to the terms of his letter of appointment.

Sarah Gills' existing letter of appointment will be terminated at Admission and will enter into a new appointment letter. She will be paid £30,000 per annum pursuant to the terms of her letter of appointment.

George Watt will be paid £30,000 per annum pursuant to the terms of his letter of appointment.

Each of the NEDs' letters of appointment will be governed by English Law.

### Interests of the Directors and the Proposed Directors

The interests of the Directors and the Proposed Directors in the share capital of the Company at the date of this Document and immediately following Admission are as follows:

<b>Directors</b>	<b>Ordinary Shares held post consolidation</b>	<b>% of issued existing issued share capital</b>	<b>Consideration Shares (Note 1)</b>	<b>Placing Shares (Note 2)</b>	<b>Ordinary Shares held at Admission</b>	<b>% of issued share capital at Admission (Note 7)</b>
Harry Hyman (Note 3 and 4)	281,111	4.39%	417,440	61,000	759,551	2.49%
Rodger Sargent (Note 4)	171,111	2.67%	605,288	—	776,399	2.54%
Alex Hambro (Note 4)	96,666	1.51%	—	0	96,666	0.32%
Sarah Gills (Note 4)	111,111	1.74%	234,810	0	345,921	1.13%
Phil Newby (Note 5 and 6)	—	—	516,582	0	516,582	1.69%
Simon Walters	—	—	—	—	—	0.00%
George Watt	—	—	—	50,000	50,000	0.16%

**Note 1** – shows the number of Consideration Shares that the Director and his / her associates will receive.

**Note 2** – shows the participation of the Director in the Placing.

**Note 3** – at Admission includes 10,000 Ordinary Shares held by Anita Hyman (Harry Hyman's wife) and 109,578 Ordinary Shares held by Nexus Central Management Services Ltd a company controlled by Harry Hyman.

**Note 4** – excludes warrants to acquire 80,000 Ordinary Shares.

**Note 5** – at Admission includes 349,607 Ordinary Shares held by Diane Newby (Phil Newby's wife)

**Note 6** – excludes OTAQ Share Options held by Phil Newby which if exercised would result in the issue of a further 1,043,400 Ordinary Shares.

**Note 7** – excluding the OTAQ Share Options and the Ordinary Shares to be issued pursuant to the Warrants.

## **18. EXPENSES AND NET PROCEEDS**

- 18.1 The expenses of the Placing will be borne by the Company in full and no expenses will be charged to any Investor by the Company.
- 18.2 These expenses (including commission fees and expenses payable under the Placing Agreement, stamp duty registration, listing, admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed £1.0 million excluding VAT representing approximately 67% of the gross proceeds of the Placing of approximately £1.5 million.
- 18.3 The total Net Placing Proceeds on the basis set out above are approximately £0.5m.

## 19. INFORMATION ON THE CONCERT PARTY

19.1 For the purposes of the Takeover Code, members of the Concert Party and reasons for their membership of the Concert Party are set out below. Their respective interests in the Company following the Acquisition and Admission and based on the Assumptions, are as follows:

Concert Party member	Number of OBAN GL Shares	Consideration Shares to be issued	Existing Shareholding in the Company	Number of Placing Shares to be issued	Number of Ordinary Shares to be issued re OTAQ Share Options and warrants	Fully Diluted Shareholding in the Company (see Note 1)	Maximum percentage shareholding based on shares in issue as calculated in paragraph 19.2 below (%)
Jagjit Mundi	57	297,426	—	—	438,312	735,738	2.46
Nadja Mundi	6	31,308	—	—	—	31,308	0.10
Samuel Mundi	6	31,308	—	—	—	31,308	0.10
Hannah Mundi	6	31,308	—	—	—	31,308	0.10
Philip Newby	32	166,976	—	—	1,043,600	1,210,576	4.15
Diane Newby	67	349,606	—	—	—	349,606	1.17
Tom Newby	3	15,654	—	—	—	15,654	0.05
Simon Walters	—	—	—	—	—	—	—
George Peter Robinson	147	767,046	—	—	—	767,046	2.57
Deborah Robinson	5	26,090	—	—	—	26,090	0.09
Dr Harald Rotsch	405	2,113,290	—	—	—	2,113,290	7.07
Chris Hyde	32	166,976	—	—	—	166,976	0.56
Dowgate Capital Limited	—	—	—	—	—	—	—
3B Capital Limited	25	130,450	—	81,594	—	212,044	0.71
David Poutney	108	563,544	—	67,500	—	631,044	2.11
Vivienne Poutney	189	986,202	—	—	—	986,202	3.3
Alice Poutney Wall	16	83,488	—	—	—	83,488	0.28
Kieran Wall	4	20,872	—	—	—	20,872	0.07
Madeleine Poutney	5	26,090	—	—	—	26,090	0.09
James Serjeant	36	187,848	—	—	—	187,848	0.63
Nigel Gaymer	2	10,436	—	—	—	10,436	0.03
Kirsten Gaymer	24	125,232	—	—	—	125,232	0.42
Jonathan Serjeant	26	135,668	—	—	—	135,668	0.45
Brenda McKenzie	5	26,090	—	—	—	26,090	0.09
Peter McKenzie	2	10,436	—	—	—	10,436	0.03
Ms Sammy French	2	10,436	—	—	—	10,436	0.03
Paul Richards	15	78,270	—	—	—	78,270	0.26
Harry Hyman	59	307,862	271,111	61,000	80,000	719,973	2.41
Adam Mark Hyman	—	—	10,000	—	—	10,000	0.03
Anita Hyman	—	—	10,000	—	—	10,000	0.03
Sarah Emily Hyman	—	—	10,000	—	—	10,000	0.03
Melanie Sarah Meads	—	—	10,000	—	—	10,000	0.03
Nexus Central Management Services Limited	21	109,578	—	—	—	109,578	0.37
Sarah Gills	45	234,810	111,111	—	80,000	425,921	1.43
Sherron Hemsley	38	198,284	—	—	—	198,284	0.66
CTG Investment Limited	46	240,028	—	—	—	240,028	0.80
Rodger Sargent	116	605,288	171,111	—	80,000	856,399	2.87
David Sargent	38	198,284	50,700	—	—	248,984	0.83
<b>Total</b>	<b>1,588</b>	<b>8,286,184</b>	<b>644,033</b>	<b>210,094</b>	<b>1,721,912</b>	<b>10,862,223</b>	<b>36.36</b>

Note 1: includes any Ordinary Shares subscribed as part of the Placing.

19.2 The maximum percentage holding of the Concert Party has been calculated on the following basis:

Ordinary Shares in issue at Admission	30,548,599
OTAQ Option Shares issued in full	1,481,912
Issue of Warrant Shares to relevant Concert Party members	240,000
<b>Total number of Ordinary Shares</b>	<b>32,350,511</b>

***Further Information on members of the Concert Party***

- 19.3 Jagjit Mundi is the chairman of OTAQ GL. He will resign from the board of OTAQ GL with effect from completion of the Acquisition. He is a leadership and systems coach and qualified lawyer. Prior to his coaching career, he was an investment banker and broker at both Investec and Numis. Nadja Mundi, Samuel Mundi and Hannah Mundi are close relatives of Mr Mundi. Mr Mundi has outstanding OTAQ Share Options that may be exercised at any time after Admission and will on exercise result in the issue of up to 438,312 Ordinary Shares.
- 19.4 Philip Newby is a director and the chief executive officer of OTAQ GL. His biography is set out in paragraph 12 of Part 7 of this Document. Diane Newby and Tom Newby are close relatives of Mr Newby. Mr Newby has outstanding OTAQ Share Options that will on exercise result in the issue of up to 1,043,600 Ordinary Shares, of which 584,416 may be exercised at any time after Admission, a further 229,592 if the market price of Ordinary Shares exceeds 72.8p per share before 31 March 2021 and a further 229,592 Ordinary Shares if the market price of Ordinary Shares exceeds £1.093 before 31 March 2022.
- 19.5 Simon Walters will become the Finance Director of the Company immediately prior to Admission. Mr Walters does not have any shareholding in OTAQ GL.
- 19.6 Peter Robinson is the founder of OTAQ GL. He resigned as a director in April 2018 but has continued to consult for the Company. Deborah Robinson is a close relative of Mr Robinson and a former director who resigned in June 2014.
- 19.7 Dr Harald Rotsch is the former major shareholder in OTAQ Offshore and a consultant to OTAQ GL. On 9 March 2020 Dr Rotsch was issued a further 135 OTAQ shares relating to the acquisition of OTAQ Offshore by OTAQ GL.
- 19.8 Chris Hyde is an employee-shareholder of OTAQ GL and a director of OTAQ Aquaculture Limited.
- 19.9 Dowgate is authorised and regulated by the FCA. It provides corporate broking and wealth management services. Dowgate acts as financial adviser to OTAQ GL and as corporate broker to the Company. 3B Capital Limited is the controller of Dowgate and David Poutney and James Serjeant (see 19.10 and 19.11 below) are directors of both Dowgate and 3B Capital Limited. Dowgate does not have an interest in Ordinary Shares or OTAQ GL shares.
- 19.10 David Poutney is the Chief Executive of Dowgate. Vivienne Poutney, Alice Poutney Wall (who is also an employee of Dowgate), Kieran Wall and Madeleine Poutney are close relatives of David Poutney.
- 19.11 James Serjeant is Head of Corporate Broking at Dowgate. Nigel Gaymer, Mrs Kirstin Gaymer, Dr Jonathan Serjeant, Brenda McKenzie, Peter McKenzie and Ms Sammy French are close relatives of, or otherwise connected to, James Serjeant.
- 19.12 Paul Richards is a Director of and Head of Research at Dowgate.
- 19.13 Harry Hyman is the current Chairman of the Company and a director of Nexus Central Management Services Limited. Mr Hyman holds warrants over 80,000 Consolidated Shares at an exercise price of 50p per Share which, provided the Company waives the Warrant Condition, are exercisable immediately upon Admission. Mr Hyman will resign as a director of the Company on Admission.
- 19.14 Adam Mark Hyman, Anita Hyman, Sarah Emily Hyman are close relatives of Harry Hyman and are also members of the Concert Party. Melanie Sarah Meads is also a member of the Concert Party due to being a connected party of Harry Hyman.

- 19.15 Sarah Gills is a Director of the Company and Sherron Hemsley and CTG Investment Limited, who are members of the Concert Party, are closely related to Sarah Gills. Sarah Gills holds Warrants over 80,000 Consolidated Shares at an exercise price of 50p per Share which, provided the Company waives the Warrant Condition, are exercisable immediately upon Admission.
- 19.16 Rodger Sargent is a current Director and Company Secretary of the Company. He will resign on Admission. David Sargent, who is also a member of the Concert Party, is a close relative of Rodger Sargent. Mr Rodger Sargent holds Warrants over 80,000 Consolidated Shares at an exercise price of 50p per Share which, provided the Company waives the Warrant Condition, are exercisable immediately upon Admission.

#### *Arrangements*

- 19.17 Neither the Concert Party members, nor any persons acting in concert with them, have entered into any agreement, arrangement or understanding (including any compensation arrangement):
- 19.17.1 which has any connection with or dependence upon the outcome of the Acquisition, the Waiver Proposal, the passing of the Resolutions, the Placing and Admission (the “**Proposals**”); or
- 19.17.2 for the transfer of Ordinary Shares acquired under the Proposals.
- 19.18 Save for the OTAQ Purchase Agreements described in paragraph 12.12 of Part 14 of this Document, the Independent Director is not aware of any agreement, arrangement or understanding having any connection with or dependence upon the Proposals between the Concert Party and any person interested or recently interested in Ordinary Shares.

#### *Material Contracts of the Concert Party*

- 19.19 Except for the OTAQ Purchase Agreements described in paragraph 12.12 of Part 14 of this Document, there are no material contracts (other than contracts entered into in the ordinary course of business) entered into between any member of the Concert Party in connection with the Company within the two years immediately preceding the date of this Document.

#### *Concert Party Dealings*

- 19.20 The Concert Party has not dealt in Ordinary Shares during the Disclosure Period.

## **20. RELATED PARTY TRANSACTIONS**

- 20.1 From 22 June 2018 (being the Company’s date of incorporation) up to and including the date of this Document, the Company has not entered into any related party transactions other than as set out below:

#### *Directors’ letters of appointment*

Each of Rodger Sargent, Harry Hyman, Alexander Hambro and Sarah Gills were appointed as non-executive directors of the Company pursuant to letters of appointment dated 21 November 2018 for an initial period of 12 months and thereafter subject to termination by either party on three months’ written notice. It was agreed that each of the non-executive directors other than Rodger Sargent would not be remunerated until such time as an acquisition is completed. At the 2018 Admission, Rodger Sargent was paid a one-off fee of £20,000 by the Company for his services to the Company prior to, and in preparation for the 2018 Admission. Rodger Sargent has been paid a fee of £20,000 for his services in relation to the acquisition of OTAQ GL.

#### *Proposed directors’ letters of appointment*

Philip Newby, Simon Walters and George Watt will be appointed as Directors of the Company on Admission. Simon Walters and George Watt shall each enter into letters of appointment for an initial period of 12 months from the date of Admission. The directorship services of Simon Walters are provided by Headline in accordance with an engagement letter among Headline FD Limited and OTAQ Group Limited dated 29 November 2019 (the “**Headline Engagement Letter**”). Philip Newby will enter into a new service agreement with the Company. The existing directors’ letters of appointment for Alexander Hambro and Sarah Gills will be terminated on Admission and each will

enter into a new letter of appointment in respect of their non-executive directorships of the Company. Further details of the Proposed Directors' service contracts and letters of appointment are set out in paragraph 17.3 of Part 14 of this Document.

***Directors' incentives***

The Warrants described in paragraph 17 of Part 7 of this Document and the Options described in paragraph 16 of Part 7 of this Document are the only incentivisation arrangements in place in respect of each of the Directors and the Proposed Directors.

**21. CONFLICTS OF INTEREST**

There are no conflicts of interest between the administrative, management, supervisory bodies and/or senior management of the Enlarged Group, their respective duties to the Company and the Enlarged Group, and their private interests, save as disclosed in paragraphs 17 (in particular paragraph 17.3 in relation to 'Interests of the Directors and Proposed Directors'), 19 (in particular paragraphs 19.1 and 19.3-19.18 relating to members of the Concert Party and 'Further Information on members of the Concert Party') and 20 (which relates to 'Related Party Transactions' whereby details of Directors' and Proposed Directors' letters of appointment and engagements with the Company and the Existing OTAQ Group are detailed together with information on 'Directors' Incentives') of this Part 14.

**22. WORKING CAPITAL**

The Company is of the opinion that the working capital available to the Enlarged Group, taking into account the Net Placing Proceeds, is sufficient for the Enlarged Group's present requirements, that is for at least the 12 months from the date of this Document.

**23. CURRENT AND FORMER DIRECTORSHIPS OF DIRECTORS**

23.1 Harry Hyman

*Business address: c/o Fladgate LLP, 16 Great Queen Street, London WC2B 5DG*

**Current Directorships and partnerships**

AHG (2006) Limited  
 Anchor Meadow Limited  
 Apollo (Ipswich) Limited  
 Carden Medical Investments Limited  
 Chelmsley Associates Limited  
 Conscious Chocolates Limited  
 Crestdown Limited  
 Fortissimo Group Limited  
 Gracemount Medical Centre Limited  
 Hav 2018 Limited  
 Health Investments Limited  
 Healthinvestor Asia Limited  
 Healthinvestor Limited  
 HMC Estates Limited  
 HMC Estates Holdings Limited  
 Investor Publishing Limited  
 Jellia Holdings Limited (registered in Ireland)  
 Leighton Health Limited  
 Motorstep Limited  
 Nexus Central Management Services Ltd  
 Nexus Code Limited  
 Nexus Code New York Limited  
 Nexus Consulting (UK) Limited  
 Nexus Corporate Finance Ii Limited  
 Nexus Corporate Finance Limited  
 Nexus Fund Management Limited  
 Nexus General Partner Limited  
 Nexus Group Holdings Limited

**Former directorships and partnerships**

I Value plc  
 Nexus Structured Finance Limited  
 Nhr Acquisitions Limited  
 Patientfirst (Wingate) Limited  
 Php (Petri) Limited  
 Php (Catford) Limited  
 Php (Holbeck) Limited  
 Php (Hounslow) Limited  
 Php (Paisley) Limited  
 Php (Darvel) Limited  
 Php (Dover) Limited  
 Php (Melksham) Limited  
 Php (Speke) Limited  
 Php (Swaffham Bam) Limited  
 Phip (6) Limited  
 Phip Chh Limited  
 Phip (Hetherington Road) Limited  
 Patientfirst (Rbs) Holdings Limited  
 Phip (Ssg Norwich) Limited  
 Patientfirst (Leamington Spa) Limited  
 Patientfirst (Gpfc) Holdings Limited  
 S4 Capital Pic  
 SPCD (Northwich) Limited  
 SPCD (Shavington) Limited  
 The Quoted Companies Alliance

**Current Directorships and partnerships****Former directorships and partnerships**

Nexus Health Finance Limited  
Nexus Investco Limited  
Nexus Investment Management Limited  
Nexus Investment Ventures Limited  
Nexus Management Services Limited  
Nexus Php Management Limited  
Nexus Pine (Management) Limited  
Nexus Property Management Services Limited  
Nexus Tradeco Holdings Limited  
Nexus Tradeco Limited  
Orbig Limited  
Patientfirst (Burnley) Limited  
Patientfirst (Hinkley) Limited  
Patientfirst Partnerships Limited  
Phip (5) Limited  
Phip (Gorse Stacks) Limited  
Phip (Hoddesdon) Limited  
Phip (Milton Keynes) Limited  
Phip (Rhl) Limited  
Phip (Sheerness) Limited  
Phip (Stourbridge) Limited  
Phip Ch Limited  
Php (Chandler's Ford) Limited  
Php (Frmc) Limited  
Php (Portsmouth) Limited  
Php (Project Finance) Limited  
Php 2013 Holdings Limited  
Php Asssetco (2011) Limited  
Php Bond Finance Plc  
Php Clinics Limited  
Php Empire Holdings Limited  
Php Finance (Jersey) Limited  
Php Glen Spean Limited  
Php Healthcare (Holdings) Limited  
Php Healthcare Investments (Holdings) Limited  
Php Healthcare Investments Limited  
Php Investments (2011) Limited  
Php Investments No 1 Limited  
Php Investments No 2 Limited  
Php Medical Investments Limited  
Php Medical Properties Limited  
Php Primary Properties (Haymarket) Limited  
Php Primary Properties Limited  
Php SB Limited  
Php Spitfire Limited  
Php St. Johns Limited  
Php STL Limited  
PHP (Bingham) Limited  
PHPI Celbridge Limited (registered in Ireland)  
PHPI Navan Road Limited (registered in Ireland)  
PHPI Navan Road Limited (registered in Ireland)  
PHPI Newbridge Limited (registered in Ireland)  
Pine Property Services Ltd  
Primary Heath Investment Properties (No.2) Limited  
Primary Heath Investment Properties (No.3) Limited  
Primary Heath Investment Properties (No.4) Limited  
Primary Heath Investment Properties (No.6) Limited  
Primary Heath Investment Properties (No.7) Limited

**Current Directorships and partnerships**

Primary Heath Investment Properties (No.8) Limited  
 Primary Heath Investment Properties (No.9) Limited  
 Primary Heath Investment Properties Limited  
 Primary Health Investment Properties (Sutton) Limited  
 Primary Health Properties Icaav  
 Primary Health Properties Plc  
 Q1 Care Limited  
 Summit Properties Limited  
 The Healthcare Reit Limited  
 The Opera Awards Foundation  
 The Opera Awards Limited  
 The Raw Chocolate Company Limited  
 Vintage Wine Sellers Limited  
 White Horse Centre limited  
 Wincanton Healthcare Limited

**Former directorships and partnerships**

## 23.2 Rodger Sargent

*Business address: c/o Fladgate LLP, 16 Great Queen Street, London WC2B 5DG*

**Current Directorships and partnerships**

Baskerville Capital plc  
 Nubem Novem Ltd

**Former directorships and partnerships**

Audioboom Group Plc  
 Blackbottle Limited  
 Be Heard Group plc  
 Bigblu Broadband plc  
 Contentment Limited  
 Curve Public Relations Limited  
 Entertainment AI plc  
 S4 Capital Plc  
 Hydrodec Group Plc  
 Litebulb Group Limited  
 Nanotether Discovery Science Limited

Rodger Sargent was a director of Contentment Limited, having resigned on 27 July 2016. The company was placed into creditor's voluntary liquidation and winding up commenced on 27 July 2016. The company was dissolved on 7 May 2018.

## 23.3 Sarah Gills

*Business address: c/o Fladgate LLP, 16 Great Queen Street, London WC2B 5DG*

**Current Directorships and partnerships**

Palladio Property Ltd  
 Hemsley-Gills Limited  
 Solent Capital Partners Ltd

**Former directorships and partnerships**

N/A

## 23.4 Alexander Hambro

*Business address: c/o Fladgate LLP, 16 Great Queen Street, London WC2B 5DG*

**Current Directorships and partnerships**

Crescent Capital N1 Limited  
 Crescent Capital II GP Limited  
 Crescent Capital III GP Limited  
 Falanx Group Limited  
 First Magazine Limited

**Former directorships and partnerships**

Aldersgate House Ltd (previously Crescent Capital III B GP Limited)  
 Band-X Limited  
 BACIT (UK) Limited  
 Bapco Closures Holdings Limited

**Current Directorships and partnerships**

Halkin Development Limited  
HF Partnership LLP  
Judges Scientific PLC  
Octopus Apollo VCT PLC  
Targa Fund Limited  
Time Partners Limited  
Welbeck Ventures Ltd  
Welbeck Capital Partners LLP  
Whitley Asset Management Limited

**Former directorships and partnerships**

Bapco Closures Research Limited  
Benchmark Holdings PLC  
Chloride Extraction Technologies Ltd  
Cubo Communications Group plc  
Dixton Farm  
Domus Capital Limited  
Dumbleton Farm  
Essencedale Limited  
European Software Publishing Limited  
ESP Publishing Limited  
Ferranti IT Limited  
G & H Kapitalpartner AG  
HAT Holding Company Limited  
HATT III General Partner Limited  
Hazel Renewable Energy VCT2 plc  
Hazel Targa VCT PLC  
HAMNIV (GP) Limited  
HEV (Holdings) Limited  
HEV Limited  
Investec Group Investments (UK) Limited  
Investec Private Equity Inc  
Investec Securities Limited  
Investec Technology Trust Limited  
Investec Investment Trust PLC  
Investec Private Equity Limited  
I Value Plc  
Izon Science Ltd  
Izon Science Ltd  
Janna Systems UK Limited  
Leyfield Investments Limited  
Octopus Apollo VCT PLC (in liquidation)  
Octopus Apollo VCT 3 PLC  
Octopus Apollo VCT 4 PLC  
Prolake Limited  
RNPFN Pension Management Limited  
Top Technology Limited  
Trans-America Investment Company Limited  
Welbeck Investment Partners Member Ltd  
Welbeck Investment Partnership LLP

## 23.5 Philip Newby

*Business address: 8-3-4 Harpers Mill South Road, White Cross, Lancaster, LA1 4XF*

**Current Directorships and partnerships**

Oceansense Ltd  
OTAQ Aquaculture Limited  
OTAQ Connectors Limited  
OTAQ Group Limited  
OTAQ Offshore Limited  
Parkfield (Barrow) Limited

**Former directorships and partnerships**

N/A



23.6 Simon Walters

*Business address: 8-3-4 Harpers Mill South Road, White Cross, Lancaster, LA1 4XF*

**Current Directorships and partnerships**

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Headline FD Limited  
The Restaurant Club Limited

**Former directorships and partnerships**

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FDS Recruit Limited  
Flexible Director Solutions Limited  
Flexible Directors Limited  
Flexible Finance Directors Limited  
Flexible HR Directors Limited  
Flexible IT Directors Limited  
Flexible Marketing Directors Limited  
Flexible Sales Directors Limited  
HR Director Solutions Limited  
IT Director Solutions Limited  
Legal Director Solutions Limited  
TPS MA Old Marylebone Limited  
TPZ Dez Retentions Limited

23.7 George Watt

*Business address: 8-3-4 Harpers Mill South Road, White Cross, Lancaster, LA1 4XF*

**Current Directorships and partnerships**

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SpaceandPeople Plc

**Former directorships and partnerships**

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Altissimo Music Limited  
Deltadna Limited  
Ginger Television Productions Limited  
Grampian Television Limited  
Local Television Aberdeen Limited  
Local Television Ayr Limited  
Local Television Dundee Limited  
Local TV News Limited  
Peopleschampion.Com Limited  
Rise & Shine (Television) Limited  
Scottish News Network Limited  
SKA Ginger Productions Limited  
Solutions TV Limited  
STV Central Limited  
STV Drama Productions Limited  
STV ELM Limited  
STV Group Plc  
STV News Services Limited  
STV North Limited  
STV Out Of Home Limited  
STV Productions Limited  
STV Publishing Limited  
STV Services Limited  
STV Sip Trustees Limited  
STV Television Limited  
STV TV limited  
That's Entertainment Network Limited  
The Ginger Media Group Limited

23.8 Save as disclosed in this paragraph 23, none of the Directors or Proposed Directors:

- 23.8.1 has any convictions in relation to fraudulent offences for at least the previous five years from the date of this Document;
- 23.8.2 has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his asset;

- 23.8.3 has been a director of any company in at least the previous 5 years from the date of this Document which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;
- 23.8.4 has been a partner in any partnership in at least the previous 5 years from the date of this Document which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
- 23.8.5 has in at least the previous 5 years from the date of this Document had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- 23.8.6 has received any official public incrimination and/or sanctions involving such persons by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years from the date of this Document.
- 23.9 There is no family relationship between any of the Directors and/or Proposed Directors.

#### **24. GENERAL**

- 24.1 Copies of the following documents may be inspected at the registered office of the Company during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until the Placing closes:
- 24.1.1 the Articles;
- 24.1.2 the Accountants' Reports from RSM Corporate Finance LLP on the historical financial information on the Existing OTAQ Group, OTAQ Connectors and OTAQ Offshore as set out in Part 9 of this Document;
- 24.1.3 the report from RSM Corporate Finance LLP on the *Pro Forma* Financial Information of the Enlarged Group set out in Part 10 of this Document;
- 24.1.4 the report from RSM Corporate Finance LLP on the Unaudited Interim Financial Information set out in Part 11 of this Document;
- 24.1.5 the letters of appointment/service contracts entered into between the Company and the Directors; and
- 24.1.6 this Document.
- 24.2 *The above documents are available at the Company's website: <http://hertsford-capital.com>.*

## PART 15

### DEFINITIONS

“ <b>2018 Admission</b> ”	means the Admission of the Ordinary Share capital of the Company by way of a Standard Listing and to trading on the London Stock Exchange’s Main Market for listed securities on 26 November 2018 and suspended on 12 February 2020;
“ <b>Admission</b> ”	means the re-admission of the Existing Ordinary Shares and the admission of the New Ordinary Shares to the Official List by way of a Standard Listing and to trading on the London Stock Exchange’s Main Market for listed securities;
“ <b>AIM</b> ”	means the Alternative Investment Market of the London Stock Exchange;
“ <b>Articles of Association</b> ” or “ <b>Articles</b> ”	means the articles of association of the Company in force from time to time;
“ <b>Acquisition</b> ”	means the acquisition from the Sellers of the entire share capital of OTAQ GL pursuant to the OTAQ Purchase Agreements;
“ <b>Business Day</b> ”	means a day (other than a Saturday or Sunday) on which banks are open for business in London;
“ <b>certificated</b> ” or “ <b>in certificated form</b> ”	means an Ordinary Share, title to which is recorded in the relevant share register as being held in certificated form (that is, not in CREST);
“ <b>Chairman</b> ”	means Alexander Robert Hambro, or the Chairman of the Board from time to time;
“ <b>Circular</b> ”	means the circular sent to Shareholders on 10 March 2020 containing details of the Acquisition;
“ <b>Companies Act</b> ”	means the Companies Act 2006;
“ <b>Company</b> ” or “ <b>Hertsford</b> ”	means Hertsford Capital plc (to be renamed OTAQ plc);
“ <b>Completion</b> ”	means completion of the Acquisition;
“ <b>Concert Party</b> ”	means the concert party for the purposes of the Takeover Code;
“ <b>Consideration Shares</b> ”	means the 21,539,904 Ordinary Shares of 15p each to be issued and allotted to the Sellers pursuant to the Acquisition;
“ <b>Consolidation</b> ”	means the consolidation of the Ordinary Shares of 3p each as at the date of this Document into Ordinary Shares of 15p each, pursuant to the Consolidation Resolution;
“ <b>Consolidation Resolution</b> ”	means the resolution contained in the Notice of General Meeting to consolidate every five ordinary shares of 3p each in the capital of the Company into one ordinary share of 15p;
“ <b>CREST</b> ” or “ <b>CREST System</b> ”	means the computer-based system (as defined in the CREST Regulations) operated and administered by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
“ <b>CREST Regulations</b> ”	means The Uncertified Securities Regulations 2001 (SI 2001 3755), as amended;
“ <b>Directors</b> ” or “ <b>Board</b> ” or “ <b>Board of Directors</b> ”	means the current directors of the Company, whose names appear in Part 4 of this Document, or the board of directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
“ <b>Disclosure Period</b> ”	means the period commencing on 12 February 2019 and ending on 12 February 2020;

<b>“Document” or “Prospectus”</b>	means this Prospectus;
<b>“Dowgate”</b>	means Dowgate Capital Limited;
<b>“Drag Along Process”</b>	has the meaning in paragraph 12.12 of Part 14 of this Document;
<b>“Dragged Shareholders”</b>	has the meaning in paragraph 12.12 of Part 14 of this Document;
<b>“Dragged Shareholder Purchase Agreement”</b>	means the agreement to be entered into between the Company and the Dragged Shareholders in relation to the acquisition by the Company of the Shares of OTAQ GL held by them, pursuant to the Drag Along Process as described in paragraph 12.12 of Part 14 of this Document;
<b>“EEA”</b>	means the European Economic Area;
<b>“EEA Member States”</b>	means the member states of the EU and the European Economic Area, each an “EEA Member State”;
<b>“Enlarged Group”</b>	means the Company and its subsidiaries (including OTAQ GL following the Acquisition);
<b>“Enlarged Share Capital”</b>	means the share capital of the Company immediately following the issue of the New Ordinary Shares;
<b>“EU”</b>	means the Member States of the European Union;
<b>“Euroclear”</b>	means Euroclear U.K. & Ireland Limited;
<b>“Existing OTAQ Group”</b>	means OTAQ GL and its subsidiaries as listed in paragraph 2.12 of Part 14 of this Document;
<b>“Existing Ordinary Shares”</b>	means the 32,000,001 Ordinary Shares of 3p each in issue as at the date of this Document;
<b>“FCA”</b>	means the UK Financial Conduct Authority;
<b>“Form of Proxy”</b>	means the form of proxy for use at the General Meeting;
<b>“Founder Shares”</b>	means the 2,000,001 Ordinary Shares issued to the Founders on incorporation of the Company pursuant to subscription letters dated 23 July 2018 and 28 October 2018;
<b>“Founders”</b>	means Harry Abraham Hyman, Rodger David Sergeant, Sarah Emily Gills and Alexander Robert Hambro;
<b>“FSMA”</b>	means the UK Financial Services and Markets Act 2000, as amended;
<b>“general meeting”</b>	means a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
<b>“General Meeting”</b>	means the general meeting of the Company to be held at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG at 10am on 27 March 2020;
<b>“Group”</b>	means the Company or, if the context so requires, a company, its subsidiary undertakings and any holding company (as both are defined in the Companies Act from time to time and references to “member of the Group” shall be construed accordingly);
<b>“IFRS”</b>	means International Financial Reporting Standards as adopted by the EU;
<b>“Independent Director”</b>	means Alexander Robert Hambro;
<b>“Independent Shareholders”</b>	means Shareholders other than the members of the Concert Party and the Non-Independent Shareholders;
<b>“Listing Principles”</b>	means the listing principles set out in Chapter 7 of the Listing Rules;
<b>“Listing Rules”</b>	means the listing rules made by the UK Listing Authority under section 73A of FSMA as amended from time to time;

<b>“London Stock Exchange”</b>	means London Stock Exchange plc;
<b>“Main Market”</b>	means the main market for listed securities of the London Stock Exchange;
<b>“Main SPA”</b>	means the agreement between the Company and certain Sellers relating to the acquisition by the Company of the shares of OTAQ GL held by them as described in paragraph 12.12 of Part 14 of this Document;
<b>“Market Abuse Regulation”</b>	means the Market Abuse Regulation (EU) No. 596/2014;
<b>“Net Placing Proceeds”</b>	means the funds received on closing of the Placing less any expenses paid or payable in connection with the Admission and the Placing;
<b>“New Ordinary Shares”</b>	means the Placing Shares and the Consideration Shares;
<b>“Non-Executive Director”</b>	means a director who is not a full or part-time employee of the Company or holder of an executive office;
<b>“Non-Independent Shareholders”</b>	means any Shareholder who has been deemed to be non-independent by the Panel and will not be able to vote on the Whitewash Resolution;
<b>“Notice of General Meeting”</b>	means the notice of the General Meeting which forms part of the Circular;
<b>“Official List”</b>	means the official list maintained by the UK Listing Authority;
<b>“ordinary resolution”</b>	means a resolution of the Shareholders requiring a simple majority of not less than 50%;
<b>“Ordinary Shares”</b>	means the ordinary shares of 3p each in the capital of the Company as at the date of this Document which, following the passing of the Consolidation Resolution, shall be consolidated into ordinary shares of 15p each. Following Admission, it is expected that the Ordinary Shares will comprise the Existing Ordinary Shares, the New Ordinary Shares and any ordinary shares in the capital of the Company, subsequently issued;
<b>“OTAQ Chile”</b>	means OTAQ Chile SpA, a company registered in Chile with registered number 76.445.203-8 and having its registered office at Pacheco Altamirano 2875, Angelmo, Puerto Montt, Chile;
<b>“OTAQ Connectors” of “Link Subsea”</b>	means OTAQ Connectors Limited (a company registered in England and Wales registered number 3390574) (formerly named Link Subsea Limited);
<b>“OTAQ Connectors Purchase Agreement”</b>	means the share purchase agreement between <i>inter alia</i> OTAQ GL and David Andrew Bowler relating to the acquisition of the share capital of OTAQ Connectors, details of which are set out in paragraph 11.12 of Part 14 of this Document;
<b>“OTAQ GL”</b>	means OTAQ Group Limited (a company registered in England and Wales registered number 05471794);
<b>“OTAQ Offshore Purchase Agreement”</b>	means the share purchase agreement between <i>inter alia</i> OTAQ GL and <i>inter alia</i> Harold Volker Rotsch relating to the acquisition of the Share Capital of OTAQ Offshore, details of which are set out in paragraph 11.13 of Part 14 of this Document;
<b>“OTAQ Offshore” or “Marinesense”</b>	means OTAQ Offshore Limited, a company registered in Scotland registered number SC314760) (formerly named Marinesense Limited);
<b>“OTAQ Option Shares” or “Option Shares”</b>	means the Ordinary Shares to be issued to Jag Mundi and Phil Newby in relation to the acquisition of their shares in OTAQ GL pursuant to the arrangements described in paragraph 16 of Part 7 of this Document;
<b>“OTAQ Purchase Agreements”</b>	means the Main SPA and the Dragged Shareholder Purchase Agreement (to be entered into) as described in paragraph 12.12 of Part 14 of this Document;

<b>“OTAQ Share Options”</b>	means the share options granted by OTAQ GL and described in paragraph 16 of Part 7 of this Document;
<b>“Panel”</b>	means the Panel on Takeovers and Mergers;
<b>“Placees”</b>	means those persons who have signed placing letters;
<b>“Placing”</b>	means the proposed placing of the New Ordinary Shares by the Company at the Placing Price, conditional on Admission and on the terms and subject to the conditions set out in this Document;
<b>“Placing Agreement”</b>	means the placing agreement dated 10 March 2020 between the Company, the Directors, the Proposed Directors, Jagjit Mundi and Dowgate, details of which are set out in paragraph 15 of Part 7 of this Document;
<b>“Placing Price”</b>	means 57.5 pence per New Ordinary Share;
<b>“Placing Proceeds”</b>	means approximately £1.5 million, being the gross proceeds received on closing of the Placing;
<b>“Placing Shares”</b>	means the 2,608,694 Ordinary Shares of 15p each to be issued and allotted pursuant to the Placing;
<b>“Premium Listing”</b>	means a premium listing under Chapter 6 of the Listing Rules;
<b>“Proposed Directors”</b>	means the proposed directors of the Company whose names appear as such in Part 4 of this Document;
<b>“Prospectus Directive”</b>	means Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member state), and includes any relevant implementing measures in each EEA Member State that has implemented Directive 2003/71/EC;
<b>“Prospectus Regulation”</b>	means Regulation (EU) 2017/1129;
<b>“Prospectus Regulation Rules”</b>	means the Prospectus regulation rules of the FCA made in accordance with section 73A of FSMA implementing and incorporating <i>inter alia</i> the Prospectus Regulation and the Prospectus Supplementary Regulation;
<b>“Prospectus Supplementary Regulation”</b>	means Commission Delegated Regulation (EU) 2019/980;
<b>“QCA Code”</b>	means the Quoted Companies Alliance corporate governance code;
<b>“QCA Remuneration Committee Guide”</b>	means the QCA Remuneration Committee Guide as amended from time to time;
<b>“Qualified Investors”</b>	means persons who are “qualified investors” within the meaning of Article 2I of the Prospectus Regulation;
<b>“Registrar”</b>	means Share Registrars Limited;
<b>“Regulatory Information Service”</b>	means one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies;
<b>“Resolutions”</b>	means the resolutions (including the Transaction Resolutions) to be proposed at the General Meeting as set out in the Notice of General Meeting, with any permitted amendments thereto to include the Transaction Resolution and the Consolidation Resolution;
<b>“Restricted Jurisdiction”</b>	means the United States, Canada, Japan, Australia and the Republic of South Africa;
<b>“Reverse Takeover”</b>	means a reverse takeover as defined in the Listing Rules;

<b>“Sealfence”</b>	means the proprietary acoustic deterrent device to deter seal attacks in fish farms as developed by the Enlarged Group, details of which are set out in paragraph 3.2 of Part 6 of this Document;
<b>“Sellers”</b>	means the sellers of the entire share capital of OTAQ GL pursuant to the Acquisition;
<b>“Shareholders”</b>	means the holders of Ordinary Shares;
<b>“special resolution”</b>	means a resolution of the Shareholders requiring a majority of not less than 75%;
<b>“Standard Listing”</b>	means a standard listing under Chapter 14 of the Listing Rules;
<b>“Takeover Code”</b>	means the City Code on Takeovers and Mergers;
<b>“TCPUSO 1997”</b>	means the Town and Country Planning (Use Classes) (Scotland) Order 1997;
<b>“TCPUSO 1987”</b>	means the Town and Country Planning (Use Classes) Order 1987;
<b>“Transaction Resolutions”</b>	means the resolutions to be proposed at the General Meeting to approve the Acquisition, the Placing and the Re-admission of the Company to the Official List, being resolutions 1 to 4 (inclusive) as set out in the Notice of General Meeting, with any permitted amendments thereto;
<b>“UK Listing Authority”</b>	means the FCA in its capacity as the competent authority for listing in the U.K;
<b>“uncertificated” or “uncertificated form”</b>	means, an Ordinary Share, title to which is recorded in the relevant share register as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
<b>“United Kingdom” or “U.K.”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>“United States”</b>	means the United States of America;
<b>“VAT”</b>	means (i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
<b>“Waiver Proposal”</b>	means approval by Independent Shareholders of the waiver granted by the Panel of the obligation that would otherwise arise on any member of the Concert Party to make a general offer to Shareholders pursuant to Rule 9 of the Takeover Code as a result of the issue to them of the Consideration Shares, the Warrant Shares and the OTAQ Option Shares;
<b>“Warrants”</b>	means the warrants as described in paragraph 17 of Part 7 of this Document;
<b>“Warrantholders”</b>	means persons to whom the Warrants were granted, the details of whom are set out in paragraph 17 of Part 7 of this Document;
<b>“Warrant Instrument”</b>	means the equity warrant instrument made by the Company on 27 November 2018; and
<b>“Warrant Shares”</b>	means the Ordinary Shares to be issued to Warrantholders on exercise of the Warrants, details of which are set out in paragraph 17 of Part 7 of this Document;
<b>“Whitewash Resolution”</b>	means the ordinary resolution to approve the Panel’s waiver of the Concert Party’s obligation to make an offer under Rule 9 of the Takeover Code, which is set out at Resolution 1 of the Notice of General Meeting.

