ANNUAL REPORT 2021

From aquaculture to offshore energy, OTAQ delivers and supports world class marine technology products.

Innovation, experience and quality are the values at the heart of everything we do and have earned us the trust of our customers across the globe.

Financial highlights

	2020/21 £'000	2019/20 £'000	Change %
Revenue	**4,053**	3,420	18.5%
Gross profit	**2,303**	1,964	17.3%
Adjusted EBITDA*	**524**	451	16.2%
Adjusted earnings per share*	**1.7p**	1.4p	21.4%
Net cash**	**670**	2,859	(76.6%)

* Adjusted EBITDA (earnings before income, tax, depreciation, exceptional costs, impairment, share option charges and amortisation) is reconciled from the statutory operating loss per the consolidated statement of comprehensive income as follows:

	2020/21 £'000	2019/20 £'000
Operating loss	**(668)**	(898)
Share option charge	**55**	559
Exceptional costs	**161**	–
Amortisation of intangible assets	**165**	163
Impairment of goodwill	**–**	28
IFRS16 depreciation	**118**	20
Depreciation on property, plant and equipment	**693**	579
Adjusted EBITDA	**524**	451

Adjusted earnings per share of 1.7p (prior year 1.4p) is calculated using the adjusted EBITDA of £524,000 divided by the weighted average number of shares in issue during the year. Statutory basic losses per share were 1.7p (2020: loss 8.3p) and statutory diluted losses per share totalled 1.7p. (2020: loss 8.3p).

Exceptional costs in the year relate primarily to legal fees in relation to the constitution of the shares schemes and legal fees relating to the acquisitions, investments and financing facilities completed during the year.

** Net cash is reconciled from the statutory cash position per the consolidated statement of financial position as follows:

	2020/21 £'000	2019/20 £'000
Cash and cash equivalents	**3,120**	4,087
Non-current lease liabilities	**(272)**	(214)
Current lease liabilities	**(249)**	(78)
Non-current financial liabilities	**(1,813)**	–
Current financial liabilities	**(187)**	(487)
Current deferred payment for acquisition	**(215)**	(273)
Non-current deferred payment for acquisition	**–**	(232)
Income tax asset	**286**	56
Net cash	**670**	2,859

Operational highlights

Achieved strong revenue and gross margin growth across the business

Cash balances of £3.1m

£0.3m acquisition of ROS Technology Limited's trade and assets

Strategic investment of 15% in Minnowtech LLC

Focused on broadening reach through new product development including the live plankton analysis system for detecting algal blooms, in partnership with Blue Lion Labs LLC, and entering the shrimp biomass detection market through the investment in Minnowtech LLC

Strategic Report

Corporate Governance

Financial Statements

Company registration number
11429299

Directors
Hon. A R Hambro
Ms S E Gills
Mr P D Newby
Mr W G Watt
Mr M J Enright
(appointed 26 June 2020)
Mr M D F Pye
(appointed 24 February 2021)

Secretary
Mr M J Enright

Registered office
8-3-4 Harpers Mill, South Road,
White Cross, Lancaster
LA1 4XF, England

Auditor
RSM UK Audit LLP, 9th Floor,
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Dowgate Capital Limited,
15 Fetter Lane,
London EC4A 1BW

Solicitors
CMS Cameron McKenna
Nabarro Olswang LLP,
1 West Regent Street,
Glasgow G2 1AP

STRATEGIC REPORT

In this section

OTAQ AQUACULTURE

OTAQ is recognised across the globe as an aquaculture technology provider that can be relied on to provide world-class products backed up by industry leading levels of support. OTAQ are developing a range of high technology products to meet the demands of the rapidly expanding global aquaculture industry.

THE STRATEGY IS TO DESIGN, DEVELOP, INSTALL AND SUPPORT SYSTEMS ON AN INFRASTRUCTURE AS A SERVICE ('IAAS') BASIS ON LONG-TERM RENTAL CONTRACTS AND TO CONTINUE TO DIVERSIFY THE GROUP'S INCOME STREAM GENERATORS.

CHAIRMAN'S STATEMENT

It is with great pleasure that I present my second Chairman's Statement of OTAQ plc and my first after a full year of operating as OTAQ plc following our listing on the Main Market of the London Stock Exchange on 31 March 2020.

Strategy

The strategy of the Group is to build a business of significance within the global aquaculture industry focussed on reducing production risks for salmon producers and farmers of other species by helping them effectively and sustainably manage the environmental challenges to their operations. Over time, the Group intends to deploy 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 systems on an Infrastructure as a Service ('IaaS') basis on long-term rental contracts and to continue to diversify the Group's income stream generators.

The Group's core aquaculture product, Sealfence, significantly improves yields for the salmon farming industry by reducing the frequency of predator attacks using acoustic technology. Sealfence currently accounts for the majority of Group revenues with the combination of long-term rental contracts and recurring monthly purchase orders underpinning strong earnings visibility. However, during the last 12 months the number of Sealfence units deployed has declined 33% from 1,156 to 774. The primary reason for this anomalous decline was Marine Scotland's instigation of an overarching environmental review during 2020 into the use of acoustic deterrent devices (ADDs) in the marine environment. This review, which we expect to conclude in early 2022, has led certain customers in Scotland to voluntarily withdraw ADDs from their salmon farms pending the outcome of Marine Scotland's findings – thereby suffering a consequential increase in stock losses from predation and a lamentable deterioration in fish welfare. We are working closely with Marine Scotland to provide them with the necessary scientific studies and data that demonstrates the benign impact of ADDs on the surrounding marine fauna and fully expect in the fullness of time that ADDs will be restored to their position as a pre-eminent sustainable deterrent to the predation of fish from salmon farms in Scottish waters. In the meantime, our ADDs are being deployed in increasing numbers in Chile, notwithstanding the ongoing Covid biosecurity restrictions that are in place. The number of operational ADDs in that market has increased from 142 as at April 2020 to 264 at the end of June 2021 and several large-scale trials are currently underway utilising our technology. The Chilean aquaculture market is substantial and estimated to be over three times larger than the Scottish market where we are currently most active. We look forward to further growth of our ADDs in Chile and other geographic markets where similar trials are currently underway and the regulatory framework is more settled.

In addition to our acoustic deterrence technology, the Group has been busy over the past 12 months developing adjacent technologies that will broaden our reach into the global aquaculture sector. Specifically, we have advanced the shrimp biomass measurement technology through our strategic partnership with Minnowtech and expect to be able to commence commercial sales in early 2022. Likewise, through a collaboration with Blue Lion Labs in Canada, we have accelerated the development of our phytoplankton detection technology and expect to be able to demonstrate its effectiveness in the first half of 2022.

Phytoplankton, or "algal bloom", is a major disease challenge for the aquaculture industry generally and it is estimated the global aquaculture industry suffers $3.4 billion in damage and losses annually due to organisms such as algal blooms and harmful phytoplankton. Early detection of this problem should allow farmers to deploy their defence systems early enough to markedly reduce the losses and improve overall fish welfare.

Other products in the Group's portfolio include a range of sub-sea cameras, laser measuring devices, leak detection systems and high integrity electrical connectors for use in the offshore renewables and oil & gas markets, which form the Group's Offshore and Connectors divisions. The technologies being developed and employed in these divisions have potentially valuable applications in the aquaculture division that we are now starting to explore. Covid-19 had a material impact on the offshore oil and gas sector during the year under review and this downturn in the market impacted Group revenues derived from these product lines. However, it appears that activity has recently begun to improve, albeit from relatively subdued levels.

The Group will continue to look to acquire small and medium-sized marine technology companies and to finance any acquisition, ideally, through existing cash resources or bank borrowings. We are highly selective in acquiring businesses with either sustainable profits or with nascent technology that can be applied to our marine-based systems to create a future profitable revenue stream. It is with this approach in mind that we were able to acquire the trade and assets of ROS Technology in November 2020 for £0.3m which is a small electronics and design business focussed on tracking technology that we expect to deploy in our aquaculture division.

Our team

The year has been especially challenging for the team with the continuing Covid-19 pandemic and OTAQ, like all companies, has faced restrictions in its operations and business development activities. However, the team have faced the challenge robustly and have continued to ensure our customers' requirements are met whilst driving forward the Group's strategies.

I would like to welcome Malcolm Pye to the board of directors who brings to the Board considerable experience and expertise in both listed companies and the global aquaculture industry. We are fortunate to be able to draw on his considerable technical and commercial knowledge of the sector.

The executive team and all employees within the Group worked especially hard against the strictures imposed by the Covid-19 pandemic in 2020 and 2021 to produce these results. The Board and, I am sure, our shareholders remain grateful to all our colleagues for their efforts that have delivered a promising performance and in particular their flexibility in coping with the difficult working conditions continuing to prevail. We look forward to a more open and flexible world, post Covid, that will allow us to resume the deployment of our technologies in our varied and dispersed geographical markets.

Alex Hambro
Chairman
19 July 2021

CHIEF EXECUTIVE'S REPORT

Review of the period

The Group achieved encouraging year-on-year growth in revenue and adjusted pre-tax profit, as measured by our preferred measure of adjusted EBITDA (earnings before interest, tax, depreciation, exceptional costs, impairment, share option charges and amortisation). On 6th November 2020, the Group completed the acquisition of the trade and assets of ROS Technology and welcomed back Dr Peter Robinson, the founder of OTAQ Group and inventor of the Sealfence product. It is expected that the technology acquired, which is focussed on location tracking, will be revenue generating in its own right and ultimately be deployed in our aquaculture division. The Group completed the drawdown of a five-year £2m CBILS facility on 2nd February 2021, which is intended to fund future acquisitions, the purchase of Sealfence units and ongoing working capital requirements.

The growth in the business was achieved through organic growth in the aquaculture businesses to £2,553k from £2,106k with Chile now starting to see strong organic growth. Sales to Europe have also increased to 11.2% of the Group's revenue from 6.4% in 2020 with additional demand for Sealfences being seen in this market. Demand for the Group's Sealfence systems remains robust with Covid-19 disruptions and exchange rates having had little impact on demand so far. In December 2020, Marine Scotland introduced an additional step in the licensing process for fish farms wishing to use Acoustic Deterrent Devices (ADDs). We are currently working with Marine Scotland to provide independently verified data on ADDs.

Revenue

Group revenue for the year ended 31 March 2021 increased from £3.42 million to £4.05 million, an increase of 18.5%. This revenue growth is almost entirely organic with the acquisition of the assets and trade of ROS Technology having an immaterial impact in these results. The investment in Minnowtech LLC has contributed to this growth as well as increased demand in Europe in the Aquaculture division.

The Group continues to grow globally with UK revenue representing 70% of total revenue (2020: 77%). Chile represents 7% (2020: 9%) of total revenue with other European countries account for 11% (2020: 6%) of total revenue and the rest of the world for 12% (2020: 8%) of total revenue.

Profit

The statutory loss for the year of £0.5m was much improved from the £2.6m loss last year and represents the improved performance of the Group. Gross profit was up 17% to £2.30m; driven by the Aquaculture business which delivered gross profit of £1.51m and comprised 66% (2020: 64%) of the Group's total profits.

The Group incurred a number of exceptional charges in the year totalling £0.16m including costs that were principally associated with legal fees for the new share schemes, remuneration committee institution and costs associated with the CBILs loan and investment activities. These costs are either one-off or relate to funding or investment activities.

Dividends

The Board is not recommending a final dividend (2020: £nil).

Trading environment

The long-term fundamentals supporting demand for aquaculture products remain positive. The North Sea oil market in which the Offshore division operates continues to experience a period of reduced activity in line with the reduction in oil prices, although this is now improving following some recovery in the oil price. Market demand for the aquaculture market is being driven primarily by demand for improved salmon farming efficiencies but has been curtailed this year in Scotland due to the regulatory review undertaken.

Despite 30% (FY20: 23%) of the Group's revenue now being generated overseas, exchange rates have only a minor influence on the Group's business: OTAQ's supply costs are largely denominated in Sterling and most of its revenue is invoiced in Sterling with less than 10% of revenue invoiced in different currencies. Currency movements in the year have not had a material impact.

Acquisitions

As a buy-and-build group, the acquisition of new businesses is a key feature of Group strategy. Executing this effectively is key to ensuring that long-term value is generated for shareholders, as we are highly selective in relation to both the acquisition price paid and the long-term quality of any potential addition to our Group.

The industries in which we operate contain a multitude of start-ups and small niches that are potentially complementary to the strategy of the Group. The Group has demonstrated expertise at executing a number of acquisitions and integrating them into the Group successfully and this has continued with the investments in Minnowtech LLC and Blue Lion Labs Ltd.

In March 2021, the Group announced further investment into its strategic alliance with Minnowtech LLC, an innovative aquaculture technology company based in the USA that provides an imaging platform to enable shrimp farmers to measure shrimp abundance to optimise feeding. The Group now owns 15.2% of Minnowtech LLC and expects to supply hardware devices to Minnowtech in 2021.

In May 2021, the Group announced a 10% investment into Blue Lion Labs Limited, a Canadian plankton technology company that will provide detection and analysis of plankton in water. As part of this investment, the Group has signed a cooperation agreement with the aim of commercialising Blue Lion's technology in combination with OTAQ's hardware for use in the salmon farming industry. This will greatly speed up the launch of the Group's plankton analysis software that is being developed by the Group's research and development team.

Innovation

The Group has continued to invest in the development of new products and improvement of existing products. Investment in research and development, capitalised as development costs, amounted to £0.68 million in the year to 31 March 2021 (2020: £0.38 million), equivalent to 17% of Group revenue (2020: 11%). The aim of the Group's research and development team is to deliver the key Biomass measurement and Plankton detection projects for sale in the global aquaculture market and also to deliver new products for sale in the marine technology environment. The team was strengthened this year by the appointment of Chris Hyde to the role of Chief Technology Officer.

Current trading and prospects

The Group was able to continue with many of its operations and activities during the pandemic and delivering this result against such a back drop has taken considerable effort. Growth opportunities have been restricted due to the travel restrictions in place but we have taken steps to position the Group to take advantage of market opportunities once restrictions are lifted.

We remain convinced by the potential afforded via our core product Sealfence and see scope for renewed growth in 2021. We also expect our relationships with Minnowtech and Blue Lion and the ROS Technology acquisition to begin to deliver financial benefits later in the year.

Despite the ongoing uncertainties resulting from the Covid-19 pandemic, the directors believe that with its robust financial position, the Group's ability to conduct its business model will remain intact.

Phil Newby
Chief Executive
19 July 2021

THE AIM OF THE GROUP'S RESEARCH AND DEVELOPMENT TEAM IS TO DELIVER THE KEY BIOMASS MEASUREMENT AND PLANKTON DETECTION PROJECTS FOR SALE IN THE GLOBAL AQUACULTURE MARKET AND ALSO TO DELIVER NEW PRODUCTS FOR SALE IN THE MARINE TECHNOLOGY ENVIRONMENT.

CHIEF FINANCIAL OFFICER'S REPORT

The strategy of the Group is to build a business of significance within the aquaculture industry with the key financing requirements being to ensure there is sufficient resource to acquire additional Sealfence units and sufficient resource to fund new product development.

The Group's Key Performance Indicators are aligned to revenue, profits and ensuring sufficient cash flow to deliver future growth. These three measures were below targets in the year to 31 March 2021 which were set prior to the outbreak of the Covid-19 outbreak. However, cash flow has been supplemented by Covid-19 related grants of £0.12m as well as a CBILs (Coronavirus Business Interruption Loan Scheme) loan of £2m which is expected to be sufficient to allow the Group to satisfy its working capital requirements, research and development activities and fund further investments.

In addition, the Group carefully monitors loss time incidents and employee absenteeism and turnover. Loss time incidents were zero (2020: zero) for the year and employee absenteeism and turnover were in line with targets.

Revenue

Group revenue increased by 18.5% to £4.05 million compared with £3.42 million in the prior year with organic growth accounting for all of the growth, specifically growth in Europe in the Aquaculture division and North America following our investment in Minnowtech LLC.

Across our historic three business units, Aquaculture revenues increased by £0.45m to £2.55 million with OTAQ Offshore contributing £0.51m (2020: £0.62m) to revenue, OTAQ Connectors making up the balance of £0.86m (2020: £0.70m). The newly formed fourth division, resulting from the ROS Technology acquisition and relating to new market technological advancements, invoiced £0.13m for services provided to Minnowtech LLC and one other customer.

Profits

The preferred measure of assessing profits for the Group, which most accurately represents the Group's core trading profitability is explained below:

	2020/21 £'000	2019/20 £'000
Operating loss	**(668)**	(898)
Share option charge	**55**	559
Exceptional costs	**161**	–
Amortisation of intangible assets	**165**	163
Impairment of goodwill	**–**	28
IFRS16 depreciation	**118**	20
Depreciation on property, plant and equipment	**693**	579
Adjusted EBITDA*	**524**	451

* Earnings before income, tax, depreciation, share option charges, impairment, exceptional costs and amortisation.

Adjusted EBITDA grew to £0.52 million from £0.45m in 2020. This improvement was driven by the overall revenue growth, good cost control and margins remaining healthy. The adjusted EBITDA profit margin remained at 13%, in line with the adjusted EBITDA operating profit margin of 13% in 2020.

Operating losses decreased to £0.67m from £0.90m with the total comprehensive expense for the year decreasing to £0.53 million (2020: £2.65 million). The statutory loss before tax decreased to £0.73 million compared to £2.76 million in 2020.

Adjusting items

Adjusting items relate to expenditure which does not relate directly to the core activities of the Group and is considered to be one-off in nature or in relation to investing, restructuring or financing activities. The total pre-tax adjusting items recorded in the year to 31 March 2021 were £0.16m. These relate to £0.10m being largely for legal fees relating to share schemes, CBILS loans, investing activities and the remuneration committee institution. The other expenditure relates to £0.02m premises, lease costs and prior year additional audit fees. The balance of £0.04m relates to an additional amount paid in May 2020 in relation to the April 2019 Link Subsea acquisition.

In addition to this were depreciation charges of £0.69 million (2020: £0.58m), intangible amortisation charges of £0.17m (2020: £0.16m) and IFRS16 depreciation charges of £0.12m (2020: £0.02m).

Other operating income

The grant income received of £0.12m related to the HMRC furlough scheme in the UK of £0.02m and a £0.10m grant from the Scottish government relating to the reduced market activity impacting the Offshore division.

Finance costs

Net finance costs totalled £0.06m (2020: £0.2m) and related to the interest charge relating to deferred acquisition payments made in the year, IFRS16 interest charges and invoice discounting charges in OTAQ Chile SpA.

Taxation

As the Group remains in a statutory loss-making position, there is no overall Group tax charge. The Group continues to benefit from research and development tax credits which accounts for the majority of the £0.19m (2020: £0.11m) tax credit in the year.

Earnings and losses per share

Adjusted basic earnings per share were 1.7p compared with 1.4p in FY20. This is based on the adjusted EBITDA value of £0.52m divided by the weighted average number of shares in existence during the year to 31 March 2021, being 30,561,747.

Statutory basic losses per share were 1.7p (2020: loss 8.3p) and statutory diluted losses per share totalled 1.7p (2020: loss 8.3p). These are calculated using the weighted average number of shares in existence during the year.

Return on Capital

The Group intends to report on capital returns once sustained profitability has been achieved. Whilst capital returns are monitored currently, it is not a key performance or key results measure given the Group's high revenue growth and current statutory loss-making position.

Dividends

No dividends have been paid in the year and no dividend is recommended. As the Group is in a high-growth phase with the associated capital expenditure requirements for Sealfence units, it is expected that cash resources will be retained to deliver the growth as quickly as possible.

Headcount

The Group's number of employees for 2021 stood at 42 (2020: 36). The change in staff numbers during the year was due to the growth of the business.

Share capital and share options

The Group's issued share capital at 31 March totalled 30,763,251 Ordinary shares (2020: 30,548,599). During the year, share options for 177,412 were exercised with a further 37,240 shares issued as part of the employee Share Incentive Plan which came into effect in October 2020.

Share options issued in the year (excluding 1,043,600 options cancelled and re-issued) totalled 750,000 with 2,144,908 (2020: 1,801,912) share options in issue at 31 March 2021. 229,592 share options lapsed in the year due to performance criteria not being met.

Warrants totalling 320,000, included in the above figures, were outstanding on 31 March 2021 (2020: 320,000).

Cashflow and net cash

This year's cash generated from operations totalled £0.17 million (2020: £0.87 million). Total capital expenditure amounted to £0.80 million (2020: £0.50 million).

Year-end cash balances totalled £3.12 million compared to £4.09 million in 2020. The Group finished 2021 with net cash of £0.67 million compared to £2.86 million of net cash at the end of 2020 as reconciled below:

	2020/21 £'000	2019/20 £'000
Cash and cash equivalents	**3,120**	4,087
Non-current lease liabilities	**(272)**	(214)
Current lease liabilities	**(249)**	(78)
Non-current financial liabilities	**(1,813)**	–
Current financial liabilities	**(187)**	(487)
Current deferred payment for acquisition	**(215)**	(273)
Non-current deferred payment for acquisition	**–**	(232)
Income tax asset	**286**	56
Net cash	**670**	2,859

As well as the £0.80m spend on fixed assets, with £0.56m being for systems for rental, mainly Sealfence units, £0.68m was spent on research and development activities. £0.23m was paid for the trade and assets of ROS Technology and £0.49m paid for loans made by previous shareholders when the Group was a private limited company.

Cash balances were also improved following the completion of a £2m CBILs facility in February 2020 which is repayable over five years and benefits from the UK government paying for the arrangement fees and the first year of interest costs.

Assets

Total current assets at 31 March 2021 were £5.17m compared to total current assets of £5.87m at 31 March 2020. The key change during the year relates to the decrease in cash balances to £3.12m from £4.09m. Inventories have decreased to £0.90m from £0.97m with trade payables decreasing to £0.71m from £0.96m, with the prior year including substantial listing fees not yet paid. This is also apparent in the reduction in accrued expenses from £0.95m to £0.20m which included significant listing fees in the 2020 figure.

Total liabilities have increased from £3.58m at 31 March 2020 to £4.76m at 31 March 2021 with this increase driven by the £2m CBILs loan which is repayable over five years. IFRS16 lease liabilities recognised in the year amount to a total liability of £0.52m (2020: £0.29m).

Despite the difficulties of the year, the Group's financial position is strong and will adequately support future organic growth and new product development. The CBILs loan is intended to be used for capital and investment purposes.

Summary

The Group will begin the new financial year in a healthy position with the Group's divisions continuing to trade well. Cash resources, structured debt and a strong balance sheet will help to underpin the Group's strategy for growth and allow contingency for possible economic downturns related to the ongoing Covid-19 pandemic or unexpected market changes.

M. Enright

Matt Enright
Chief Financial Officer
19 July 2021

DIRECTORS' DUTY TO PROMOTE THE SUCCESS OF THE GROUP

As required by Section 172 of the Companies Act 2006, a director of a company must act in the way that he or she considers, in good faith, would likely promote the success of the company for the benefit of its shareholders.

In doing so, the director must have regard, among other matters, to the following issues:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- The company's reputation for high standards of business conduct;
- Needing to act fairly between members of the company.

The Group's ongoing engagement with stakeholders and consideration of their respective interests in its decision-making process is as described below.

Our culture

OTAQ has always considered a long-term perspective, from its first interaction with a prospective acquisition and thereafter. This is part of what makes the Group unique. Further detail is explained in the ESG statement on page 12.

Shareholders

The primary mechanism for engaging with shareholders will be through the Company's AGM and also through any annual cycle of investor meetings held alongside the publication of the Group's financial results for the half year and full year. Further information is disclosed in the Corporate Governance statement on pages 17 to 19.

Customers and suppliers

Our companies operate in global markets and developing a strong reputation is key to our ongoing success. Maintaining the strong reputation with our customer base for providing products and service of the highest quality is therefore of paramount importance. Likewise, we have long-standing close relationships with our key suppliers.

Employees

A key to the Group's success has been its engaged workforce. The Group's Directors, alongside our subsidiary management teams, work hard to provide a positive work environment with opportunities for all our staff to grow and achieve their potential as well-respected local employees within each of our businesses' respective communities. As disclosed in the ESG statement on page 12, we are also proud that 64% of our staff at year-end are shareholders with 26 employees partaking in the Share Incentive Plan scheme that was constituted in October 2020.

Community and environment

Our businesses are proud of their contribution to the local community both as a local employer and also of their generally low impact on the environment. More information can be found in the ESG statement on page 12.

COMPANY OVERVIEW AND RISKS

Review of the Business

The principal business of the Group continued to be that of the development, provision and support of technology for use in the aquaculture industry and offshore oil & gas industries.

The Chairman's Statement on page 5 and the CEO's Report on page 6 detail activities and development of the business over the year.

Financial and Business Highlights

OTAQ plc achieved growth across all areas of the business. Financial and business highlights are detailed in the introduction to this report.

Key Performance Indicators (2021 Vs 2020)

Financial

	2021/20 £'000	2019/20 £'000	Change
Revenue	**4,053**	3,420	18.5%
Gross profit	**2,303**	1,964	17.3%
Adjusted EBITDA*	**524**	451	16.2%
Adjusted earnings per share*	**1.7p**	1.4p	21.4%
Net cash*	**670**	2,859	(76.6%)

* Reconciliations from the alternative performance measures to statutory measures are provided on the inside cover.

Personnel

The average number of employees increased to 42 in March 2021 from 36 in March 2020.

Gender Diversity

At 31 March 2021 employee gender diversity was:

	Male	Female
Directors	2	0
Senior Managers	3	2
Employees	28	7

Quality Management

The Group achieved ISO 9001:2015 status on 25th November 2019 and the Group's Quality Management System covers the manufacture of products for all the industries in which it operates.

Overseas political environment

The Group has a subsidiary in Chile which suffered from civil unrest in 2019. The Covid-19 pandemic has brought new uncertainty to the country with significant local curfews put in place that have not affected the Group significantly other than some travel restrictions. 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 Group.

Covid-19

The Covid-19 outbreak has had some impact on the group's operations and there has been some reduction in orders received, specifically in the OTAQ Offshore business. However, the bulk of the Group's revenue remained intact but the longer the outbreak lasts, the more this will affect the ability of the Group to deliver future increased revenue and profitability as travel restrictions limit trade shows and customer visits.

Key personnel

The Group's future success is dependent on its senior management and key personnel and, given the small niche-serving nature of the Group's businesses, it is always a challenge to maintain back-up support in respect of key roles or to replace key staff should they leave our organisation. Finding quality executives in our sector is a challenge and it can take a long time to replace and/or to prove the suitability of any new executive. The Group encourages succession planning wherever possible and seeks to provide a positive work environment with opportunities for career growth coupled with appropriate remuneration and, where appropriate, longer-term rewards.

Currency and foreign exchange

The Group operates in foreign currency locations but invoices the vast majority of its revenue in Sterling and therefore has only insignificant exchange rate risk. The Group will continue to review the need for hedging exchange risk but has not historically needed to and doesn't expect to in the short-to-medium term. Additional detail is set out in note 28.

Economic conditions

The prevailing uncertainties in the world economy represent a risk to the Group's prospects. This is limited by the majority of the Group's revenue ultimately being derived from consumer food demand, which is less sensitive to economic conditions. The revenue from OTAQ Offshore Limited is linked to the price of oil which is undergoing a period of volatility.

R&D and products

The Group continues to invest in the development of new products to meet the needs of our customers. There is a risk that our businesses may be unable to develop suitably commercial and technically reliable new products with which to maintain and drive revenue performance. The Group maintains a focus on ensuring there are ongoing R&D roadmaps for our businesses and that we continue to invest in well trained and qualified R&D and operations teams to deliver quality, well-engineered products for our customers.

Competition

The Group faces competition across all its businesses and there can be no certainty that each business will achieve the market penetration it seeks. There is also no guarantee that there will be no new competition or new entrant to the market with better products. The Group seeks to mitigate this by working closely with its customers and agreeing long-terms contracts as appropriate. Additionally, the Group will work with customers to understand their product development requirements and look to satisfy these where they are commercially viable.

Regulation

The Group operates in regulated aquaculture markets where the use of products such as the Group's Sealfence product requires permission to be used. The Group continues to work with relevant local authorities to ensure the Group's products comply with all requirements.

Financial Risk Management Objectives

Details of the Group's financial risk management objectives are set out in Note 28 to these consolidated financial statements.

Future Developments

The future development of the Group is dealt with in the Chairman's Statement.

Charitable Donations and Community Support

No charitable or political donations were made in the year (2020: £nil) and there was no form of community support provided.

The Strategic Report on pages 2 to 13 has been approved on behalf of the board by:

Phil Newby
Director
19 July 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our culture

OTAQ's culture is one of commitment, openness and integrity working together as a small team of 42 employees to achieve the Group's goals. Leadership development is used to strengthen the core management team, both in the way the team works together and developing the individuals.

Our businesses have all built a respected place in both the local community, dealing fairly with their own staff, and further afield with customers and suppliers, some of whom are global. We expect them to continue to do this, understanding that as a public company we must continue to uphold high standards of behaviour. We always encourage decision-making for the long term as we expect our businesses to build for the future and not just for the present. As we operate globally, we are mindful and respectful of local cultural differences.

We also encourage all our employees to act commercially and treat the company as if they are its owner. 64% of our team are OTAQ shareholders and we hope that, through the Share Incentive Plan, this will continue to increase.

The environment

OTAQ recognises that environmental concerns, inclusive of climate change, must be addressed by all businesses across the globe. We recognise that many of our trading activities have an environmental impact; in our core aquaculture market we work with customers to minimise the impact we have on the environment. As primarily a technology company, our group is not a capital-intensive manufacturer and all of our business units look to minimise the impact in conjunction with our customers on the environments where our products are deployed.

We are liaising with Marine Scotland around the ongoing regulations around ADD use in the Scottish aquaculture market in order to ensure the impact on the surrounding cetaceans and other marine fauna is non-invasive and not detrimental to their wellbeing.

Health and safety

Health and safety is of paramount importance to OTAQ and a key priority for our subsidiary management teams. Our employees must be safe at work and we therefore aim to provide a safe and comfortable working environment for them. The Group encourages all its subsidiary companies to seek continuous improvement and promote a strong health and safety culture.

The Group routinely monitors health and safety adherence across our trading subsidiaries and monthly reports are issued and discussed regarding key health and safety indicators. As at 31 March 2021, the Group has gone 2,194 days without a loss time incident.

Anti-bribery and corruption

OTAQ has a zero-tolerance policy on bribery and corruption in relation to all business transactions in which the Group is involved. This policy includes the offering or receiving of inappropriate gifts or making payments to influence the outcome of business transactions. We also require customers and suppliers who contract with the Group on our standard business terms to comply with anti-corruption and anti-bribery laws.

Equal opportunities

OTAQ supports equal opportunity for all our employees and those who wish to join our Group. Our aim is to build a meritocratic work environment where everyone can make the most of their skills and talents, without discrimination or harassment. In the event of a member of staff becoming disabled, every effort is made to ensure that they can continue their employment with the Group with suitable support. It is the Group's policy that disabled people should have access to the same career path, training and promotion opportunities as all other employees.

It is a Group policy not to discriminate against staff or candidates on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, or sex or sexual orientation.

Human rights

OTAQ supports the provisions set out in the Modern Slavery Act and endorses the core requirements of the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We do not tolerate practices which contravene these international standards.

Innovation
The OTAQ engineering team have an impressive combined range of expertise and strive to ensure innovation is at the heart of everything we do. We aim to remain at the forefront of marine technology and consistently deliver quality, innovative products.

WE ENCOURAGE ALL OUR EMPLOYEES TO ACT COMMERCIALLY AND TREAT THE COMPANY AS IF THEY ARE ITS OWNER. 64% OF OUR TEAM ARE OTAQ SHAREHOLDERS AND WE HOPE THAT, THROUGH THE SHARE INCENTIVE PLAN, THIS WILL CONTINUE TO INCREASE.

CORPORATE GOVERNANCE

In this section

EAGLE IP™

The OTAQ Eagle IP Vision is a portable recording system for underwater IP cameras that has been engineered for use in some of the worlds most harsh, remote and extreme environments.

BOARD OF DIRECTORS

Hon. Alexander Hambro N Nom
Chairman

Alex Hambro has been active in the small company investment sector both in the UK and the USA for some 30 years, during which time he acted as a principal investor, manager and sponsor of private equity and venture capital management teams.

In addition to his responsibilities at OTAQ plc, Alex is also Chairman of Judges Scientific plc and Falanx Group Ltd and a Non-Executive Director of Octopus Apollo VCT plc and Oberon Investments plc. Alex is a founder partner of Welbeck Capital Partners LLP, a specialist investment syndicate that deploys secured convertible loan notes to finance growth opportunities for small-cap AIM companies.

Phil Newby E
Chief Executive

Phil joined the OTAQ Group in June 2014 as commercial director and was appointed chief executive in March 2015.

From 1993 to 1997, Phil was general manager of Unique Systems LLC, an offshore equipment rental business operating in the Middle East and India. From 1997 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.

Matt Enright E
Chief Financial Officer

Matt joined the OTAQ Group in April 2020 and was appointed Chief Financial Officer in June 2020. He has experience of working with internationally focussed growth businesses across a range of industries.

Matt moved into the private sector in 2006 where he worked with owner-led and private equity-owned businesses. Matt joined TRM Packaging as Finance Director in 2013, a specialist cardboard box manufacturer, helping to grow the business before playing a prominent role in the sale of the business to DS Smith plc.

George Watt N I A R Nom

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.

Sarah Gills N A R Nom

Sarah is a graduate in Marine Biology and Oceanography from the National Oceanography Centre at the University of Southampton.

The early part of her career was spent in property development and litigation support. In recent years she has worked for AIM-quoted Franchise Brands plc, initially in Corporate Development and more recently in post acquisition integration contributing to the overall growth of the Group.

Malcolm Pye N I R Nom

Malcolm founded, and from 1999 to 2019 was Chief Executive of, Benchmark Holdings plc ("Benchmark"), the world's leading aquaculture health, nutrition and genetics business.

Malcolm has over 35 years' experience in international agribusiness through his various roles at Hillsdown Holdings (then HMTF Group), and through building Benchmark from the initial start-up into a major international aquaculture technology business serving the global salmon, shrimp, tilapia and farmed fish industries. Malcolm focused Benchmark's activities on animal health, breeding and genetics, advanced nutrition and knowledge/technology delivery and led the flotation of Benchmark in 2013, maintaining a lead role in investor engagement.

Committee membership
E Executive   N Non-Executive   I Independent   A Audit Committee   R Remuneration Committee   Nom Nomination Committee

Corporate Governance Statement
For the year ended 31 March 2021

Introduction
I have pleasure in introducing the Corporate Governance Statement. In accordance with the requirements of being listed on the main list of the London Stock Exchange, we recognise that the application of sound corporate governance is essential in the Group's ongoing success and adopt the principal provisions of the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines"). This report sets out our approach to OTAQ's governance. Principal one of the QCA code is covered in page 5.

Board composition
The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

During the year, the Board comprised the Non-Executive Chairman, three further Non-Executive Directors, one of whom joined in February 2021, and two Executive Directors.

During the year, the Group has had one independent Non-Executive Director which increased to two in February 2021. At the same time, the Company considers that these Non-Executive Directors act independently of the Executive management. The value of their business knowledge alongside their developing understanding of the Group's business model ensures that they will be best placed to appropriately police adherence to the Group's enduring strategy.

Board operation
The Board is responsible for the Company's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which will be reviewed annually. These include (although not exhaustively) matters relating to:

- the Group's strategic aims and objectives;
- the approval of significant acquisitions and expenditure;
- financial reporting, financial controls and dividend policy;
- the approval of the Group's annual budget;
- the structure, capital and financing of the Group;
- internal control, risk and the Group's risk appetite;
- effective communication with shareholders; and
- any changes to Board membership or structure.

Board decision making
The Board has a schedule of matters covering business, financial and operational matters ensuring that all areas of Board responsibility are addressed throughout the year. The Chairman, supported by the Company Secretary, is responsible for ensuring the Directors receive accurate and timely information. The Company Secretary compiles the Board papers which are circulated to Directors in advance of meetings. The Company Secretary prepares and provides minutes of each meeting and every Director is aware of the right to formally minute any concerns.

Board meetings
The main Board meets ten times a year in addition to any ad hoc Board meetings that may be required during the year. Non-Executive Directors communicate directly with Executive Directors between formal Board meetings as necessary.

Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. If Directors are unable to attend a meeting in person they will endeavour to attend via phone or online meetings. Where they cannot attend, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The table below sets out the attendance at meetings by Directors during the year. Malcolm Pye joined in February 2021.

	Board	Audit	Remuneration	Nomination
AR Hambro	10/10	–	–	2/2
SE Gills	10/10	4/4	2/2	2/2
WG Watt	10/10	4/4	2/2	2/2
PD Newby	10/10	–	–	–
MJ Enright	10/10	–	–	–
MDF Pye	2/2	–	–	–

Corporate Governance Statement continued
For the year ended 31 March 2021

Board Committees
The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of all the Committee terms of reference are available on the Company's website (www.otaq.com) or on request from the Company Secretary. The terms of reference of each Committee are kept under continuous review to ensure they remain appropriate to the Group. Each Committee is comprised of two of the Non-Executive Directors of the Company.

Audit Committee
The Audit Committee is chaired by George Watt, Non-Executive Director, and the other member is Sarah Gills, Non-Executive Director. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews information and reports from the Group's management and Auditor relating to the annual financial statements and the accounting and internal control systems in use throughout the Group. It also advises the Board on the appointment of the Auditor, reviews their fees and discusses the nature, scope and results of the audit with the Auditor. The Audit Committee meets at least twice a year and has unrestricted access to the Group's Auditor. The Executive Directors and the Chairman attend the Committee meetings by invitation as required.

The Audit Committee Report on pages 20 to 21 contains more detailed information on the Committee's role.

Remuneration Committee
The Remuneration Committee is chaired by Sarah Gills, Non-Executive Director. The other members of this Committee are George Watt, Non-Executive Director, with Malcolm Pye, Non-Executive Director, joining the committee following his appointment to the Board in February 2021. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company are set by the Board. The Chief Executive and Chief Financial Officer are invited to attend for some parts of the Committee meetings where their input is required although they do not take part in any discussion on their own benefits and remuneration. The Remuneration Committee meets at least once per year.

The Remuneration Report on pages 22 to 33 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

Nomination Committee
The Nomination Committee is chaired by Alex Hambro. The Nominations Committee met twice in the year.

Board effectiveness
Biographies of the Board on page 16 sets out the skills, knowledge and experience of the Board. This mix of capabilities enables them to constructively challenge strategy and review performance.

Time commitments
All Directors are aware of the time required to fulfil the role prior to appointment and have confirmed their ability to meet the required commitment prior to appointment. This requirement is also included in their letters of appointment or service contract. The Board is satisfied that the Chairman and each of the Non-Executive Directors can devote sufficient time to the Group.

Development
The Company Secretary ensures that all Directors are made aware of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate. Executive Directors are subject to the Company's performance development review process and will obtain additional professional training as appropriate.

External appointments
In the appropriate circumstances, the Board may authorise Executive Directors to take Non-Executive positions in other companies and organisations, provided the time commitment does not impact upon the Director's ability to perform their role, since such appointments should widen their experience. The Chairman will approve any such appointment.

Conflicts of interest
The Board will regularly review any Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

Independent professional advice
Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.

Directors' and Officers' liability insurance
The Company obtained Directors' and Officers' liability insurance in 2020, as permitted by the Company's articles.

Election of Directors
In accordance with the Company's Articles of Association, each Director, as appropriate, will be proposed for re-election each year.

Performance evaluation
The Chairman discusses with each of the Non-Executive Directors their ongoing effectiveness. He is also responsible for the Executive composition of the Board. The Chief Executive assesses each Executive Director and provides informal feedback on their performance on a timely basis.

Internal controls
The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal components of the Group's internal control system include:

- overview of the day to day activities of the Group by the Executive Directors;
- all proposed acquisitions are comprehensively reviewed by the Board;
- a comprehensive annual budgeting process which is approved by the Board;
- a decentralised organisational structure with defined levels of responsibility for all trading subsidiaries, to encourage principled entrepreneurial behaviour whilst minimising risks;
- rotational visits by the Board to the trading subsidiaries;
- detailed monthly reporting of performance against budget and forecast; and
- central control over key areas such as cash/banking facilities and capital expenditure.

The Group continues to assess and develop its internal control system to ensure compliance with best practice for a Group of its size.

Relations with shareholders
The Group will maintain communications with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. All shareholders are also encouraged to attend the Annual General Meeting which is on Friday 24th September 2021 (full details in the Directors' Report on page 34). This is the main opportunity for all shareholders to meet with all the Executive and Non-Executive Directors and where the Group's activities are considered and questions answered.

General information about the Group is also available on the Group's website (www.otaq.com). This includes a Group overview, detailed information about our trading businesses, details of all recent Group announcements and other relevant investor information.

Whistleblowing
The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Promoting a culture that is based on ethical values and behaviours
The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders, and the shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board.

A large part of the Group's activities is centred upon an open and respectful dialogue with employees, customers and other key stakeholders. The importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that is embedded within the operations and working life of OTAQ.

Alex Hambro
Chairman
19 July 2021

Audit Committee Report
For the year ended 31 March 2021

On behalf of the Board, I am pleased to present the Audit Committee report for the year ended 31 March 2021.

Composition of the Committee

The Committee consists of me (as Chairman) and Sarah Gills. The Company Chairman and Executive Directors – and members of the finance team – may be invited to attend Committee meetings.

The Committee held its first meeting on 22 May 2020 to approve the audit plan prepared by RSM UK Audit LLP for their work on the accounts prepared to 31 March 2020.

The second meeting was held on 25 June 2020 as we began to review the accounting policies, the draft report and accounts for the year to 31 March 2020, and interim audit findings presented to us by the CFO in relation to the year ending 31 March 2020.

At a third meeting held on 16 July 2020, we met with RSM UK Audit LLP to discuss the 31 March 2020 audit, review their conclusions, and approve in outline the contents of the report and accounts.

A fourth meeting was held on 19 February 2021 to review current accounting practices, the company's risk register and audit planning for the year to 31 March 2021.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a Chartered Accountant, have served as the long-term CFO of a listed company and am Non-Executive Chairman of an AIM-quoted company, and have served as a Non-Executive director of several other companies.

Where appropriate, I report the Committee's deliberations and conclusions from each meeting at the next meeting of the full board, and the minutes of each committee meeting are made available to all members of the Board.

Responsibilities

The main duties of the Audit Committee are set out in terms of reference which are outlined in the Corporate Governance section on the Company's website (www.otaq.com). The Committee's main duties are to:

- ensure the integrity of the financial statements (including annual and interim accounts and results announcements);
- review significant financial reporting judgements and the application of accounting policies thereon;
- ensure the Annual Report and Accounts are fair, balanced and understandable and recommend their approval to the Board;
- manage the relationship with the Group's external Auditor and review their suitability and independence;
- negotiate and approve the external Auditor's fee, the scope of their audit and terms of engagement;
- advise on the appointment of external Auditors and review and monitor the extent of the non-audit services undertaken by the Group's external Auditor;
- review the risk management and internal control systems;
- review the assessment of going concern; and
- assess the need for and reporting by an internal audit function.

Role of the external auditor

The Audit Committee monitors the relationship with the external Auditor, RSM UK Audit LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee also monitors the provision of non-audit services by the external Auditor.

An analysis of fees split between audit and non-audit services is disclosed in note 5 to the Group's financial statements. Non-audit fees charged by RSM UK Audit LLP to the Group in the previous year relate primarily to the provision of financial due diligence services to the Group as part of the reverse-takeover of Hertsford Capital plc (as it was called at the time) by OTAQ Group Limited.

Subsequent to 31 March 2020, all non-audit work – including tax advisory and accounts preparation – is now undertaken by firms other than RSM UK Audit LLP. No issues impacting upon the Auditor's independence were observed or brought to the Committee's attention.

Audit process

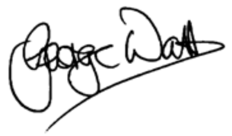
The external Auditor prepares an audit plan for its review of the full year financial statements. The audit plan sets out the scope of the audit, specific areas of risk to target and audit timetable. This plan is reviewed and agreed by the Audit Committee. Following its review, the Auditor presents their findings to the Audit Committee for discussion. No matters of significant concern relating to either the Group's internal controls or accounting practices were highlighted by the Auditor during the year, although any areas of significant risk and other matters of audit relevance are regularly communicated.

Internal audit

There is no internal audit function in the Group. The Committee considers that, due to the small size and relatively low complexity of the Group's operations, management is generally able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without the need for internal audit work. The need for an internal audit function will be periodically reviewed as the size and nature of the Group develops.

Risk management and internal controls

As described in the Corporate Governance Statement on pages 17 to 19, the Group has established a framework of risk management and internal control systems and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively.



George Watt
Audit Committee Chairman
19 July 2021

Remuneration Committee Report
For the year ended 31 March 2021

Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee Report, which sets out the remuneration policy and the directors' remuneration for the year. It has been prepared in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and reports) (Amendment) Regulations 2013 (the Regulations).

After this introductory letter, this report is split into two parts: our Remuneration Policy and the Annual Statement on Remuneration covering the period ending 31 March 2021, reflecting the arrangements in place over that period. Our Remuneration Policy was approved by shareholders at our AGM on 25th September 2020 and is effective for three years from that date. The Remuneration Report will be put to an advisory resolution at our 2021 AGM.

Remuneration policy
The Remuneration Policy is intended to fit the size and profile of the group, to support the achievement of the company's operational, business, financial and strategy objectives and align the interests of the Executive Directors with shareholders over the short and longer term. To achieve our goals, the Group provides competitive pay, split between fixed and performance-related elements. The key elements are explained below:

- Base salary intended to reflect the market value of the role and the individual's performance and contribution to the Group.
- Pension and other benefits and market-competitive levels.
- Annual bonus for the Executive Directors is set at up to a maximum of 30% of base salary payable in cash upon achieving annual targets set within the annual budget.
- Long term incentives in the form of regular awards of market value options to support sustained long-term performance supporting the creation of shareholder value. The share option awards held by the Chief Executive before the reverse takeover are of a different structure. These are nominal cost options subject to performance conditions by OTAQ Group Limited before the reverse takeover. Performance conditions attached to some existing awards have already been met. Performance conditions attached to other existing awards relate to share price performance.
- Chairman and Non-Executive Director fees designed to be comparable to those at other similar listed companies.

The Committee is abreast of developments in corporate governance and good practice. The Company has adopted the QCA Code and the remuneration arrangements are intended to comply with good practice reflecting the company's size and profile.

New Share Plans
Our new 2020 Long Term Incentive Plan ("2020 LTIP") was approved at the 2020 AGM. Awards were made to our CFO and other senior executives as market value options under this plan in October 2020. Awards granted to our CEO before the reverse takeover were re-granted under this plan at the same time.

In addition to the 2020 LTIP, shareholders approved a share incentive plan ("SIP") at the 2020 AGM. The SIP provides all UK employees of the Group, including Executive Directors, with an opportunity to acquire shares in the Company in a tax-efficient manner as permitted by, but subject to the limits set out in, Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003.

Annual statement
The following section, the Annual Statement on Remuneration covering the period ending 31 March 2021, reflects the arrangements in place over that period.

At the end of this section, we set out details of how we intend to operate Executive Remuneration during 2021/22.

Committee membership
The Committee was constituted on 21 May 2020 and consists of me (as Committee Chairman) and George Watt. Malcom Pye joined the committee in February 2021 following his appointment to the board. The Chief Executive and Chief Financial Officer may be invited to attend Committee meetings if required. The Committee intends to meet at least once each year.

During the year, h2glenfern Remuneration Advisory provided advice and assistance primarily in relation to the development of our policy, our new long-term incentive plan and the presentation of information in our remuneration report. Fees were charged on a cost incurred basis and totalled £23,250 excluding VAT in the year to 31 March 2021. h2glenfern Remuneration Advisory had previously provided advice to the Company on remuneration and has no other connection with the Company. h2glenfern Remuneration Advisory is a member of the Remuneration Consultants Group (RCG) and has confirmed that it has operated in accordance with the Code of Conduct of the RCG. The Remuneration Committee has therefore satisfied itself that all advice provided by h2glenfern was objective and independent.

Key Committee activities
The Remuneration Committee held three formal meetings during the year, on 21 May 2020, 16 July 2020 and 10 February 2021, as well as a number of information meetings. Key activities during the year included:

- benchmarking of and review of Executive Director remuneration arrangements for year ending 31 March 2021;
- determining the performance target for the 31 March 2021 Executive Director annual bonus arrangements;
- considering and determining the appropriate long term incentive structure to implement following the reverse takeover;
- considering and determining the Remuneration Policy to be put to shareholders and the 2020 AGM;
- reviewing and approving the 2020 annual report;
- determining the amount and performance conditions of share option awards made in October 2020;
- review of developments in corporate governance and best practice;
- considering changes to the salaries of Executive directors for the new financial year; and
- considering the performance target for the 31 March 2022 Executive Director annual bonus arrangements.

Recommendation
I hope that you find this report helpful and informative and I look forward to receiving further feedback from our investors on the information presented. As detailed in this annual report, Shareholders may put questions to the Company on matters including Executive Director remuneration in advance of the AGM. On behalf of the Committee, I look forward to receiving your support in relation to the resolutions to be proposed at the AGM.

Sarah Gills
Chair of Remuneration Committee
19 July 2021

REMUNERATION POLICY

This section of the report sets out the Directors remuneration policy ("the Policy") as determined by the Committee which was approved by shareholders at the AGM held of 25th September 2020.

REMUNERATION POLICY TABLE – EXECUTIVE DIRECTORS

The table and notes below summarise the main elements of the reward package for Executive Directors and the overall remuneration policy:

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures
Base salary	Supports the recruitment and retention of Executive Directors of the calibre required to fulfil the role without paying more than necessary. Reflects skills, experience, role.	Base salaries are set by the Remuneration Committee (Remcom) and reviewed annually, and increases are effective from 1 April, although increases may be awarded at other times if the Remcom considers it appropriate. In determining base salaries, the Remcom considers: pay levels at companies of a similar size and complexity, external market conditions; pay and conditions elsewhere in the Group; and personal performance.	There is no maximum value	None
Benefits	To help recruit, retain and motivate high performing Executives. To provide market Competitive benefits.	The Group may provide additional market-competitive benefits such as private healthcare and car allowance.	Phil Newby currently receives a car allowance of £10,000 per annum or company car of comparable value. Matt Enright has a car allowance of £8,000 per annum or company car of comparable value. Phil Newby and Matt Enright are entitled to private medical insurance.	None.
Pension	Provide a basic pension benefit that would be expected for the position.	The Group provides matching contribution of up to 6% of base salary with the majority of employees being offered a pension plan through Nest, the workplace pension scheme set up by the UK government.	Phil Newby receives 6% of his base salary as contributions into a pension scheme. Matt Enright receives 5% of his base salary as pension contributions into a pension scheme.	None.
Annual Bonus	Rewards and incentivises the achievement of annual objectives which are aligned with key strategic goals and supports the enhancement of shareholder value.	Paid in cash following announcement of financial year results. Bonuses are non-pensionable. May be paid in shares at the Committee's discretion. Where the bonus is paid in shares these must be held for a period of two years. The Committee has overall discretion to adjust the extent to which bonuses are paid in line with best governance practice. Annual bonus is subject to malus and clawback provisions detailed below this table.	Up to 50% of salary for CEO and CFO with up to 30% of the maximum amount for on target performance.	Specific targets and weightings may vary each year according to strategic priorities and may include: financial performance, operational performance, attainment of personal and strategic objectives. Weighting will focus on Group financial performance.
Long term incentive plan	Incentivises executives to achieve the Company's long term strategy and create sustainable shareholder value. Aligns with shareholder interests through the potential delivery of shares.	Operated under the 2020 LTIP. Awards normally granted each year in the form of options with an exercise price normally not less than the market value at the date of award, although a lower exercise price may be applied. Normally vest after three years subject to meeting any performance condition. May be subject to additional holding period of up to two years at discretion of Remcom. The Remcom has overall discretion to adjust the extent to which options vest in line with corporate governance best practice. Awards are subject to malus and clawback provisions detailed below this table.	Market value of award will not normally exceed 100% of the individual's salary. In exceptional circumstances, such as initial awards, awards to facilitate hiring, market value at award may be up to 200% of salary.	Main performance condition is inherent in award structure, i.e. value of each option grows as share price increases above the exercise price Performance conditions will normally be applied to awards to Executive Directors. Specific targets and weightings may vary each year according to strategic priorities and may include financial performance and share price or total shareholder return. Performance condition intended to be underpin rather than reflecting stretch targets.
All employees share plan	To encourage all employees to make a long term investment in the Company's shares in a tax efficient way.	The Executive Directors may participate in the Company's SIP, once approved, on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits.	None.
Shareholding guideline	Align the interests of Executive Directors and Shareholders in the long-term.	To build a minimum shareholding equivalent to 100% of salary. Directors have a period of five years to achieve this.	Not applicable.	

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures
Non-Executive fees	Fees for Non-Executive Directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group.	Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the director.	There is no maximum value.	

Malus and Clawback

The annual bonus and 2020 LTIP documentation will include provisions permitting the Committee decision to apply malus and clawback in certain circumstances. Examples of such circumstances shall include, but are not limited to:

- a material misstatement of the Group's financial statements;
- a material error in determining the level of satisfaction of a performance condition or target;
- a participant deliberately misleading the Company, the market and/or shareholders in relation to the financial performance of the Group;
- a material failure of risk management; and
- a participant having been found to have engaged in any form of misconduct and/ or there are in existence circumstances which justify a participant's summary dismissal.

The Committee shall (acting reasonably and in good faith) determine the amount or award subject to clawback.

Discretion

Annual bonus documentation and the 2020 LTIP contain provisions to give the Committee the ability to apply discretion to adjust the formulaic outcomes in line with best UK corporate governance practice but always within plan limits as determined by the new policy. Any use of discretion would clearly be explained in the Remuneration Report.

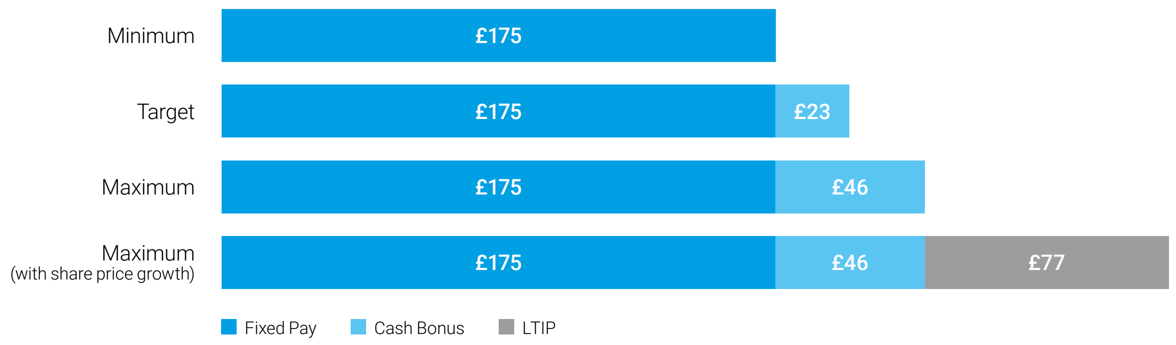
Illustration of application of remuneration policy

Three scenarios of Executive Directors' remuneration based on differing performance, Minimum (fixed pay, pension and benefits), On target (fixed remuneration plus annual performance related pay, paying out at target levels and LTIP at 100% for CEO and 100% for CFO) and Maximum (fixed remuneration plus maximum variable pay that may be awarded). A scenario is also shown which provides an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

A significant proportion of the potential remuneration of the Executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback.

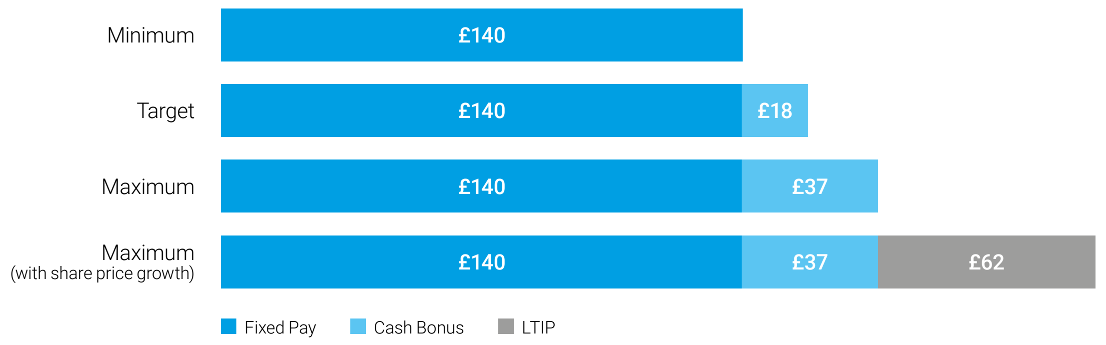
Chief Executive Officer

£'000s



Chief Financial Officer

£'000s



The Company's current policy is to make LTIP awards as market value options and as such if there is no share price appreciation, these awards will have no value.

POLICY PROVISIONS RELATING TO EXECUTIVE DIRECTOR'S REMUNERATION

How employee pay is taken into consideration
When determining remuneration policy and arrangements for Executive Directors, the Remcom considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures for Executive Directors are aligned and appropriate. The Remuneration Committee did not consult with its employees in formulating this policy.

Shareholder views on remuneration
The Chair of the Remuneration Committee will be available for contact from shareholders concerning the Company's approach to remuneration. The Company welcomes a dialogue with its shareholders and will seek the views of its major shareholders if and when any major changes are being proposed to the policy.

Alignment of executive remuneration and the market
The Committee sets Director remuneration policy in the light of its knowledge of remuneration at comparable companies and will undertake benchmarking exercises periodically so that it can do this. This is done to ensure Executive Director remuneration is appropriate, competitive and not excessive.

Approach to remuneration on recruitment
The Committee sets Director remuneration policy in the light of its knowledge of remuneration at comparable companies and will undertake benchmarking exercises periodically so that it can do this. This is done to ensure Executive Director remuneration is appropriate, competitive and not excessive.

Executive Director Service contracts
The Executive Directors are all employed on service contracts. These are not of a fixed duration and are terminable by either party giving six months' written notice.

Executive Director	Date of Service Contract
PD Newby	31 March 2020
MJ Enright	31 March 2020

Flexibility, discretion and judgment
Attempt has been made to ensure that the majority of situations and scenarios that may arise in relation to Executive Directors' remuneration have been covered in this policy. There may be times when the Committee may need to exercise appropriate discretion, judgment or flexibility to achieve a fair result; as no remuneration policy, however comprehensive and carefully designed and implemented can pre-empt every possible scenario. Discretion must be available to the Committee at times where changes to business requirements demand it has the ability to assess and amend pay and short term or other incentives as appropriate in order to motivate, drive appropriate behaviours and incentivise performance to promote the long term success of the Company. Judgment and flexibility may also be needed in downgrading, as well as upgrading certain remuneration elements, or in determining a suitable balance between fixed and performance-related, immediate and deferred remuneration, thereby permitting the Committee to adapt to changing or challenging situations in the overall business environment for the benefit of the Company, including considerations of political and social pressures to which the Company may be subject. Although the Committee will seek to maintain a strict adherence to the three year policy whenever possible, the requirement to engage with shareholders each and every time a measure is identified as being required can be onerous in time and expense. The Committee remains wholly committed to maintaining engagement with shareholders throughout the three year life of the policy and, where appropriate, shall formally engage them in placing a revised policy to a General Meeting for approval before the three year period expires. The Committee however requests the ability (and flexibility) to exercise their discretion and judgment to ensure that the determination and implementation of this policy is fair to both the Executive Directors and the shareholders, whilst taking into account the overall performance of the Company and any relevant internal and external factors.

The Committee shall exercise such discretion for the key areas detailed as follows:

Bonus – Bonus programmes for Executive Directors are unique and tailored to their respective roles with the annual setting of performance criteria which shall be transparent and challenging and also aligned to the needs of the Company and shareholders. The Committee will have the discretion to develop the bonus programme, as necessary, by application of sufficient flexibility regarding the determination of the terms applied: (1) to alter the performance criteria each year as necessary as progress is made towards the Group's strategy and the needs of the Group (but in no event to exceed the maximum capped bonus stated in the policy table above without reference to shareholders in General Meeting), (2) in relation to leavers as provided for in the policy table; (3) on a change of control of the Company, to determine the amount of bonus for that year taking into account such factors it considers appropriate, including performance, loyalty, transitional considerations, time-apportionment and any additional terms which may be reasonably applied to such payment, and (4) whether to settle bonus awards in cash or shares or a combination of both to obtain an appropriate balance for the Company; and (5) for the implementation of appropriate arrangements for withholding or clawback of any bonus in defined circumstances.

2021 LTIP – The Committee will have the discretion in respect of: (1) determination of who is to participate each year in the plan and the levels of award to be made (but not to exceed the levels stated in the LTIP Rules), (2) leavers as provided for in the policy table; (3) a change of control of the Company, to determine the level of vesting of awards taking into account performance and such other factors as the Committee believes to be relevant; and (4) for the implementation of appropriate arrangements for withholding an award or clawback of any award made or paid in defined circumstances Relocation/expatriate assistance – as provided for in the policy table up to a maximum amount payable not to exceed £50,000 per individual in any financial year.

Non-Executive Director Remuneration
Non-Executive Directors
The Non-Executive Directors signed letters of appointment with the Company upon appointment for the provision of Non-Executive Directors' services, terminable by three months' written notice given by either party.

Non-Executive Director	Appointment Date
Hon. AR Hambro	31 March 2020
SE Gills	31 March 2020
WG Watt	31 March 2020
MDF Pye	24 February 2021

The Non-Executive Directors' remuneration (including that of the Chair) reflects the anticipated time commitment to fulfil their duties. Non-Executive Directors do not receive benefits, bonuses, long term incentive awards, a pension or compensation on termination of their appointments. When recruiting a new Non-Executive Director, the Remuneration Committee will follow the policy set out in the table above. The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and notice may be serviced by either party. All appointments are subject to the Company's Articles of Association and re-election by shareholders.

The service agreements and letters of appointment are held at the registered office and are available for shareholders to view on request from the Company Secretary.

End of policy section.

Directors' remuneration (audited)

Name	Salary	Benefits	Pension	Bonus	Shares vested	Total
Hon. AR Hambro	£30,000	–	–	–		£30,000
SE Gills	£30,000	–	–	–		£30,000
WG Watt	£30,000	–	–	–		£30,000
MDF Pye	£2,846	–	–	–		£2,846
SH Walters	£5,000	–	–	–		£5,000
PD Newby	£150,000	£18,546	£28,677*	£15,000	£245,455	£457,678
MJ Enright	£120,000	£15,223	£5,800	–		£141,023

* including historical under payment.

Salary
During the year, the salary of our CEO Phil Newby was £150,000 and the salary of our CFO Matt Enright was £120,000.

Annual bonus
There were no bonus payments made in the year relating to the year ended 31 March 2021 due to the bonus criteria not being met. The £15,000 bonus paid to Phil Newby related to the completion of the reverse takeover on 31st March 2020.

Options over Ordinary shares in the Company

Share options

On 16th October 2020, share options belonging to Philip David Newby totalling 200 shares in OTAQ Group Limited, which would have converted to 1,043,600 shares in OTAQ plc, were cancelled and replaced with new options totalling 1,043,600. On 31st March 2021, 229,592 of these share options lapsed due to performance criteria not being met. 250,000 share options were also awarded to Matthew Jonathan Enright, the CFO of OTAQ plc, on 16th October 2020.

On 31st March 2021, The Existing Share Options are set out as follows:

Option holder	Exercise Price for each OTAQ plc Share	Number of Shares of OTAQ plc*
Philip Newby	0.00p	814,008
Matthew Enright	57.50p	250,000
		1,064,008

* This is an equivalent number of OTAQ plc shares. Options are over 200 ordinary shares of OTAQ Group Limited ("OGL") with an obligation on exercise for the Company to acquire them in exchange for 5,218 OTAQ plc shares for each OGL share. As noted above, and subject to the new 2020 LTIP being approved by shareholders at the 2020 AGM, this option may be replaced with an equivalent or 'nil cost' option under the 2020 LTIP to acquire shares in OTAQ plc.

Date of option issue	Number of shares
2020 Option Scheme	
Phil Newby: 16 October 2020 at 0.00p	814,008
2020 LTIP Scheme	
Matthew Enright: 16 October 2020 at 57.50p	250,000
	1,064,008

Awards lapse ten years from the date of grant. Of Phil Newby's awards, 584,416 awards vested on the date of grant and have no outstanding performance conditions. 229,592 awards are subject to the performance condition that the share price is 109.3p or more before vesting date of 31 March 2022.

The awards granted to Matt Enright are subject to a performance condition that compound annual growth in adjusted EPS over the period to 31 March 2023 is a minimum of 10%.

Participation by executive directors in the SIP scheme

	Partnership shares	Matching shares	Total SIP shares
Phil Newby	1,030	1,030	2,060
Matthew Enright	1,711	1,711	3,422

The Group SIP scheme commenced on 1st October 2020 with all UK employees eligible to partake. One OTAQ plc share is awarded as a Matching share for every Partnership share purchased.

Warrants over Ordinary shares in the Company

Date of option issue	Number of shares
2018 Warrant Scheme (number of shares adjusted for the reverse-takeover)	
Hon. AR Hambro	80,000
SE Gills	80,000
H Hyman (resigned 31 March 2020)	80,000
R Sargent (resigned 31 March 2020)	80,000
	320,0000

The warrants were issued under a warrant instrument dated 21 November 2018 with an exercise price of 10p per share. Following a consolidation on 31 March 2020, each holder's warrants over 400,000 shares at 10p each was amended to warrants over 80,000 shares at 50p each. No share options were granted or exercised post-year end.

Directors' interests

At 31 March 2021, the Directors had the following beneficial interests in the Company's Ordinary shares of 15p each and options to subscribe for shares:

Ordinary shares of the Company

	31 March 2021		31 March 2020	
	Shares	**Warrants**	Shares	Warrants
Non-Executive Directors				
Hon. AR Hambro	**185,000**	**80,000**	96,667	80,000
SE Gills	**345,921**	**80,000**	345,921	80,000
WG Watt	**120,000**	**–**	50,000	–
MDF Pye (appointed 24 February 2021)	**–**	**–**	–	–
	Shares	**Options**	Shares	Options
Executive Directors				
PD Newby	**518,642**	**814,600***	518,077	1,043,600*
SH Walters (resigned 26 June 2020)	**–**	**–**	–	–
MJ Enright (appointed 26 June 2020)	**3,422**	**250,000**	–	–

* The Optionholder entered into a contract with OTAQ plc immediately prior to completion of the reverse takeover which provided that on exercise of any of the 200 share options granted in respect of shares in OTAQ Group Limited ("OGL"), OTAQ plc will immediately acquire the shares in the capital of OGL in consideration for the issue of ordinary shares in the capital of OTAQ plc in the ratio of 5,218 ordinary shares in the capital of OTAQ plc for each such OGL share option share sold. Accordingly this figure represents 200 OGL shares times 5,218. On 16th October 2020, these options were cancelled and replaced with share options in OTAQ plc.

No dividends were paid to Directors or to any shareholders in the year to 31 March 2021 (2020: nil).

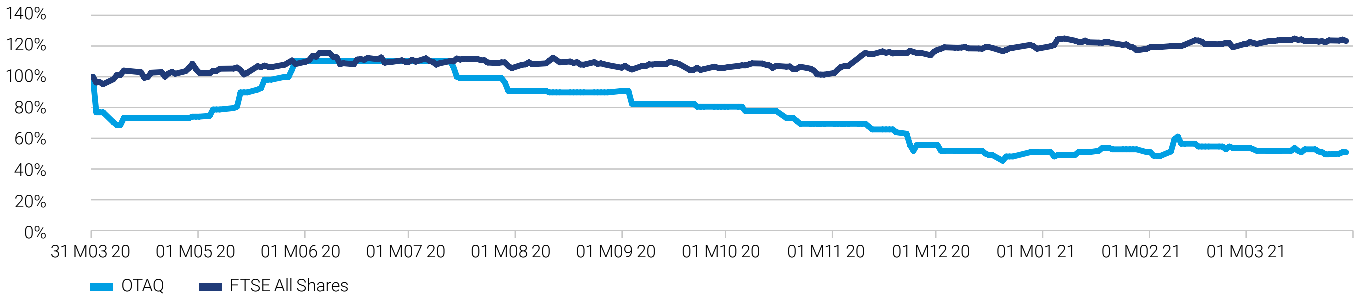
Simon Walters was CFO and a Director of the Company from 31 March 2020 until 26 June 2020.

Other disclosures on remuneration for the year ended 31 March 2021

Other than option and warrant awards detailed above, no other remuneration was paid or payable during the year. As such, there are no further disclosures to be made in respect of salaries or fees, pension, benefits, annual bonus or long-term incentive awards. No payments were made for loss of office during the year.

UK 10-year performance graph against CEO remuneration

The Directors have considered the requirement for a UK 10-year performance graph comparing the Company's Total Shareholder Return with that of a comparable indicator. As the Company has only been trading on the London Stock Exchange since 30th March 2020, only the past year's performance has been included against the comparative of the FTSE All Share index and there is no information on prior year CEO pay history to disclose.



Relative importance of spend on pay

	2021	2020	% variance
Total employee pay compared to prior period (£'000)	**2,144**	2,143	0.0%
Adjusted EBITDA (£'000)	**524**	451	16.2%
Revenue (£'000)	**4,053**	3,420	18.5%

Adjusted EBITDA and Revenue have been used as a comparison as it is a key financial metric which the board considers when assessing our performance.

UK Remuneration percentage changes

Listed companies are required to make disclosures in respect of percentage year on year changes in the lead executive's and employee remuneration, the ratio of the lead executive's remuneration to that of different employee groups. Because this is the first year the company has had employees and executives, comparative changes are not applicable.

Implementation of remuneration policy for 2021

Base salary

The Committee reviewed the base salary of the Executive Directors who were appointed to the board following the reverse-takeover and considered individual performance, experience and comparable market rates and approved the following salaries for 2021, being 2.5% increase in line with all employees:

	2021 £000	2020 £000
PD Newby	**154**	150
MJ Enright	**123**	120

Annual bonus

The annual bonus for the year to March 2022 will be operated in line with the provisions in the Policy section. The performance targets relate to revenue and adjusted EBITDA per share growth. The maximum bonus opportunity for each of the CEO and CFO is 30% of salary with a bonus of 10% of salary paid for performance in line with target.

The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in Shareholders' interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so Shareholders can fully assess the basis of any pay-outs.

Share options

The company expects to make awards to Phil Newby and Matthew Enright as well as other team members from 2021 in line with the provisions in the Policy section. The awards will be subject to performance conditions which will be set out in the award announcement and next year's annual report.

Chairman and Non-Executive fees

The Chairman and Non-Executive Directors' fees have been agreed at 31 March 2021 as follows, with no additional remuneration for chairing or being a member of any board committees:

	£000
Chairman base fee	30
Non-Executive Director base fee	30

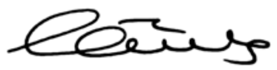
Shareholder voting

At the 2020 AGM, the results of the votes on the Directors' remuneration policy were:

	Number of votes	% of votes cast
For (including discretionary)	3,587,793	100%
Against	–	–
Votes withheld	–	–

At the 2020 AGM, the results of the votes on the Directors' remuneration report were

	Number of votes	% of votes cast
For (including discretionary)	3,587,793	100%
Against	–	–
Votes withheld	–	–



Sarah Gills
Remuneration Committee Chairman
19 July 2021

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2021. The Group follows the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines") and is available from the company secretary on request.

Future developments are disclosed in the Strategic Report.

Directors' Report
For the year ended 31 March 2021

Principal Activity and Business Review
This information is included within the Strategic Report above, as part of the 'Review of the Business' under the Amendment to the Companies Act 2006 of s.414C(2a).

Share Capital
The share capital of the Group is comprised of 30,763,251 ordinary shares each with equal voting rights. Euroblue Investments Limited owns 13.2% of the share capital at 31 March 2021.

Directors' indemnity insurance
As part of the Group, the directors of the Company are covered by insurance against the consequences of actions brought against them in relation to their duties for the Company. Such provision remains in force as at the date of approving the directors' report.

Directors
Each director is proposed for re-election annually by the Nominations Committee. The Company obtained Directors' and Officers' liability insurance after the year-end, as permitted by the Company's articles.

The Board comprised the following directors who served throughout the year and up to the date of this report:

Hon. A R Hambro (Non-Executive Chairman)
Ms S E Gills (Non-Executive)
Mr P D Newby
Mr M J Enright (appointed 26 June 2020)
Mr W G Watt (Non-Executive)
Mr MDF Pye (Non-Executive, appointed 24 February 2021)
Mr SH Walters (resigned 26 June 2020)

Results and Dividends
The results for the year are set out on page 42.

The Group did not pay a dividend in the year and no dividend is recommended to be paid.

Simplified energy and carbon reporting
In compliance with the "The Companies Act 2006 (Strategic Report and Directors' Report) in particular Part 7A to Schedule 7 "Dealing with energy and carbon disclosures by large unquoted companies". Please find the disclosure of energy and CO_2 information for the Group for the year ending 31 March 2021.

The information includes the reporting of greenhouse gas emissions (scope 1, 2 and 3), energy consumption data for fuels, electricity and transport, and also a CO_2 intensity ratio. The declaration identifies some of the energy saving measures implemented by the site. The Group generates 57 tonnes of CO_2 and consumed 143 MWh of Energy within the 2021 financial year.

CO_2 emissions for the Group for the year to 31 March 2021:

Greenhouse Gas Emissions Description	Scope	2021 (CO_2 tonnes)	2020 (CO_2 tonnes)
Direct emissions from the purchase of gas	1	11	12
Indirect emission from the purchase of electricity	2	33	24
Business travel	3	13	20
Total		**57**	**56**

Energy consumption for the Group for the year to 31 March 2021:

Utility	2021 (kWh)	2020 (kWh)
Electricity	142,665	102,782
Gas	52,075	45,885
Total	**194,740**	**148,667**

CO_2 Intensity Ratio::

	2021 (Kg)	2020 (Kg)
CO_2 per employee	1,357	1,553

Energy Efficient Measures
The following measures were implemented during the year to 31 March 2021:

- Relocation to new modern premises for the Connectors division (estimated saving: 10,000 kWh)
- Procurement of electric vehicles (estimated saving: 0.5 tonnes CO_2)
- Modernisation of IT suite (estimated saving of 2,000 KwH).

Methodology
The methodology for the reporting of SECR was taken from the Department of Business energy and Industrial Strategy (BEIS) with specific instruction from "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)". CO_2 conversion factors and calorific convertors were generated via "UK Government GHG Conversion Factors form Company Reporting 2019 and 2018)". All utility information (electrical and natural gas) was generated from utility invoices.

Employee Consultation
The Group's policy is to consult and discuss with employees' representatives matters likely to affect their interests. The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group.

Disabled Persons
Applications for employment by disabled persons are given full and fair consideration for accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Post Year End Events
On 7th May 2021, one of the Company's subsidiaries, OTAQ Group Limited, invested US$300,000 in Blue Lion Labs LLC, a company incorporated in Ontario, Canada, in return for a 10% equity stake.

Going Concern
The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements. The Group ended the year to 31 March 2021 with cash balances of £3.1 million. This arose through the cash balances acquired from OTAQ plc (known as Hertsford Capital plc at the time) on 31 March 2020 as well as the placing of new shares on 31 March 2020, and the drawdown of a £2m loan facility on 2 February 2021. The cash raised was used to fund capital expenditure, the acquisition of the assets of ROS Technology Limited and an equity investment in Minnowtech LLC as well as paying deferred acquisition balances to Marine Sense Limited and Link Subsea Limited.

The Group entered the new financial year with a strong order book in the Aquaculture division due to long-term contracts in place. The newly-formed technology-related division, has a large contract in place and the Connectors and Offshore divisions have strong order books. Whilst the global economic environment remains uncertain, the Directors consider that the Group is appropriately placed to manage its business risks successfully.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Payment Policy
The Group's policy is to agree terms and conditions with suppliers in advance and to pay agreed invoices in accordance with the agreed terms of payment.

Directors' Report continued
For the year ended 31 March 2021

Financial risk management objectives and policies
The Group utilises financial instruments (see note 27), comprising cash, loans, leases and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments relate to interest rates, liquidity, credit and foreign currency exposure. The Directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in note 28 and which are summarised below. These policies have been put in place for the newly amalgamated Group.

1. Interest rate risk
The Group finances its operations through a mixture of equity and retained profits (and previously loans). Loans made to the Group were at a fixed interest rate with all loans repaid in April 2020. Finance leases are immaterial to the Group. The interest rate risk to the Group is therefore negligible.

2. Liquidity risk
The Group seeks to manage liquidity risk by ensuring that sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through the significant cash balances that the Group currently holds.

3. Credit risk
The Group reviews the credit risk relating to its customers by ensuring, wherever possible, that it deals with long-established trading partners, where the risk of default is considered low. Where considered appropriate, the Group insists on upfront and deposit payments.

4. Currency risk
Although the Group operates in foreign markets, the majority of revenue invoices are issued for payment in Pounds Sterling. The supplier base also predominantly trades in Pounds Sterling. The operations of OTAQ Chile SpA are conducted in Chilean Pesos but this constitutes a minor risk due to the size of that company in relation to the Group. The policy of not entering into forward currency contracts is kept under review and contracts will be entered into if foreign currency cash flows are expected to become less than a minor risk to the Group.

5. Cashflow risk
The Group manages its cashflow through a mixture of working capital, equity and loans. With cash balances of £3.1 million at the balance sheet date, the Group's cash position is considered to be a key strength.

Statement of Directors' Responsibilities
The directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and are additionally required under the Listing Rules of the Financial Conduct Authority to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The directors have elected under company law to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The group and company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006, and additionally for the group financial statements international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union to present fairly the financial position of the group and the company and the financial performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and accounting estimates that are reasonable and prudent;
c) state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and additionally for the group financial statements international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' statement pursuant to the Disclosure and Transparency Rules
Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company and the undertakings included in the consolidation taken as a whole; and
b) the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the OTAQ plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to the Auditor
The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Auditor
The Auditor, RSM UK Audit LLP, has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to re-appoint RSM UK Audit LLP will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held on Friday 24 September 2021 at 11:00am at the company's registered office, 8-3-4 Harpers Mill, South Road, White Cross, Lancaster, England, LA1 4XF.

On behalf of the Board

Phil Newby
Chief Executive
19 July 2021

Independent Auditor's Report
To the members of OTAQ plc

Opinion
We have audited the financial statements of OTAQ Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union,
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS regulations.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included consideration of the cash flow forecasts and scenario analysis present and headroom provided by existing funding facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Summary of our audit approach

Key audit matters	**Group** • Useful Life of Property Plant and Equipment **Parent Company** • No key audit matters identified that relate to the parent company only
Materiality	**Group** • Overall materiality: £115,000 (2020: £139,000) • Performance materiality: £86,300 (2020:£104,000) **Parent Company** • Overall materiality: £115,000 (2020: £57,600) • Performance materiality: £86,200 (2020: £43,200)
Scope	Our audit procedures covered 96% of revenue, 99% of total assets and 96% of profit before tax

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Useful Life of Property, Plant and Equipment

Key audit matter description	(Refer to page 51 regarding the accounting policy in respect of Property Plant and Equipment) Included within property plant and equipment are rental units that the group rents to customers under contracts of varying length. Determining the useful life of these assets is inherently judgemental given both technological change and the extreme underwater environment in which the units operate. There is a risk that the group's estimate of the useful life is not appropriate and therefore the depreciation of the units is not matched to the period over which revenues are generated from their rental. This estimation is made more difficult because the historic data available to the group is limited given the time the rental units have been in use.
How the matter was addressed in the audit	We have reviewed rental units which have become fully depreciated in the year to determine whether they have been reused, repurposed or scrapped and considered this information in assessing the appropriateness of the average current useful life of four years estimated by the group. We have challenged management regarding the assumptions they have made in estimating the useful life in view of the information available in relation to rental units and their usage in customer contracts to date. We have considered the impact of technological advancement, in particular in relation to the introduction of new products during the year, and its impact on the useful life on rental units held. We have completed testing to ensure the estimated useful life has been applied to determine the depreciation charge for the year.

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£115,000 (2020: £139,000)	£115,000 (2020: £57,600)
Basis for determining overall materiality	5% of Gross Profit	3% of Total Assets restricted by Group materiality.
Rationale for benchmark applied	Profit growth is seen as the key driver for the shareholders.	The company is a holding company for investments in group companies.
Performance materiality	£86,300 (2020:£104,000)	£86,300 (2020: £43,200)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £5,750 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £5,750 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The group consists of six components, five of which are based in the UK and one in Chile.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	2	17%	64%	60%
Specific audit procedures	3	79%	35%	36%
Total	**5**	**96%**	**99%**	**96%**

Analytical procedures at group level were performed for the remaining component.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited (page 29) has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 36-37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS/UK adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Health and Safety Legislation	Discussions with management to identify any potential breaches. Review of the HSE register and legal expenditure.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Substantive tests of details to determine the existence of revenue recognized. Data Analytics matching invoices and cash receipts.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the board of OTAQ Plc on 16 April 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is 2 years, covering the years ending 2020 to 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

RSM UK Audit LLP

Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
24 July 2020

FINANCIAL STATEMENTS

In this section

SEALFENCE™
ACOUSTIC DETERRENT SYSTEM

OTAQ Aquaculture's core product is Sealfence; an acoustic deterrent system designed to deter seals and sea lions from attacking marine fish farms.

Sealfence uses a network of underwater transducers around a farm to transmit a unique, ultrasonic sound which seals and sea lions find unpleasant when they are close to the farm, but does not affect fish or other types of marine mammal in the area.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue	4	**4,053**	3,420
Cost of sales		**(1,750)**	(1,456)
Gross profit		**2,303**	1,964
Administrative expenses		**(3,094)**	(2,862)
Other operating income	5	**123**	–
Operating loss	5	**(668)**	(898)
Finance income	7	**–**	2
Finance costs	7	**(58)**	(158)
Share-based payment charge as a result of listing		**–**	(661)
Costs of acquisition		**–**	(1,045)
Loss before taxation		**(726)**	(2,760)
Taxation	8	**192**	113
Loss for the year		**(534)**	(2,647)
Attributable to:			
The Group		**(534)**	(2,636)
Non-controlling interests	12	**–**	(11)
		(534)	(2,647)
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		**21**	–
Total comprehensive expense for the year		**(513)**	(2,647)
Attributable to:			
The Group		**(513)**	(2,636)
Non-controlling interests	12	**–**	(11)
		(513)	(2,647)

As per note 9, the loss for the year arises from the Group's continuing operations. Losses Per Share were 1.7p (2020: loss 8.3p) and Diluted Losses Per Share were 1.7p (2020: loss 8.3p).

The accompanying notes on pages 48 to 72 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**1,548**	1,442
Right-of-use assets	11	**526**	292
Unlisted investments	13	**297**	–
Intangible assets	12	**2,955**	2,154
Total non-current assets		**5,326**	3,888
Current assets			
Trade and other receivables	15	**860**	757
Income tax asset	16	**286**	56
Inventories	17	**899**	972
Cash and cash equivalents	18	**3,120**	4,087
Total current assets		**5,165**	5,872
Total assets		**10,491**	9,760
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**4,614**	4,582
Share premium	19	**2,897**	2,892
Share option reserve	25	**473**	559
Merger relief reserve	20	**9,154**	9,154
Reverse acquisition reserve	20	**(6,777)**	(6,777)
Other reserve	20	**136**	–
Revenue reserve	20	**(4,764)**	(4,230)
Total equity		**5,733**	6,180
Non-current liabilities			
Deferred payment for acquisition	21	**–**	232
Other creditors	22	**38**	–
Deferred tax	23	**176**	90
Financial liabilities	24	**1,813**	–
Lease liabilities	11	**272**	214
Total non-current liabilities		**2,299**	536
Current liabilities			
Trade and other payables	22	**1,808**	2,206
Financial liabilities	24	**187**	487
Deferred payment for acquisition	21	**215**	273
Lease liabilities	11	**249**	78
Total current liabilities		**2,459**	3,044
Total liabilities		**4,758**	3,580
Total equity and liabilities		**10,491**	9,760

The accompanying notes on pages 48 to 72 form an integral part of these consolidated financial statements. The financial statements were approved by the board of directors and authorised for issue on 16th July 2021. The results of the parent company are included on pages 73 to 79.

Signed on its behalf by:

Phil Newby
Chief Executive

Consolidated Statement of Changes in Equity
For the year ended 31 March 2021

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Merger relief reserve £'000	Reverse acquisition reserve £'000	Other reserve £'000	Revenue reserve £'000	Equity attributable to owners of the parent company £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 April 2019		**960**	**1,924**	**–**	**–**	**647**	**355**	**(1,583)**	**2,303**	**(2)**	**(1,342)**
Loss and total comprehensive expenses for the year		–	–	–	–	–	–	(2,647)	(2,636)	(4)	(369)
Group reconstruction		3,622	1,109	–	9,154	(7,424)	122	–	6,572	–	3,060
Expenses of share issues		–	(141)		–	–	–	–	(141)	–	(176)
Grant of share options	25	–	–	559	–	–	–	–	559	–	647
Deferred shares to be issued for acquisition of OTAQ Connectors Limited (formerly Link Subsea Limited)		–	–	–	–	–	25	–	25	–	477
Unwinding of discount on deferred cost of OTAQ Offshore Limited (formerly MarineSense Limited) acquisition		–	–	–	–	–	97	–	97	–	477
Unwinding of discount on deferred cost of OTAQ Connectors Limited (formerly Link Subsea Limited)		–	–	–	–	–	4	–	4	–	477
Issue of deferred shares		–	–	–	–	–	(603)	–	(603)	–	477
Balance at 31 March 2020		**4,582**	**2,892**	**559**	**9,154**	**(6,777)**	**–**	**(4,230)**	**6,180**	**(6)**	**2,297**
Balance at 1 April 2020		**4,582**	**2,892**	**559**	**9,154**	**(6,777)**	**–**	**(4,230)**	**6,180**	**(6)**	**2,297**
Loss for the year		–	–	–	–	–	–	(534)	(534)	(11)	(2,647)
Exchange differences on translating foreign operations		–	–	–	–	–	21	–	21	17	6,589
Total comprehensive expense for the year		–	–	–	–	–	21	(534)	(513)	–	(141)
Issues of shares		6	5	–	–	–	–	–	11	–	559
Transfer on exercised and cancelled options		26	–	(141)	–	–	115	–	–	–	25
Charge for share options	25	–	–	55	–	–	–	–	55	–	97
Balance at 31 March 2021		**4,614**	**2,897**	**473**	**9,154**	**(6,777)**	**136**	**(4,764)**	**5,733**	**–**	**6,180**

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Note	**31 March 2021 £'000**	31 March 2020 £'000
Cash flows from operating activities			
Loss before taxation		**(726)**	(2,760)
Adjustments for non-cash/non-operating items:			
Depreciation of property, plant and equipment	10	**693**	579
Loss on disposal of property, plant and equipment	10	**5**	8
Depreciation of right-of-use assets	11	**118**	20
Gain on write-off of lease liability	11	**(37)**	–
Loss on disposal of right-of-use assets	11	**25**	–
Amortisation of intangible assets	12	**165**	163
Impairment of goodwill	12	**–**	28
Gain on remeasurement of deferred consideration payable	21	**(13)**	–
Re-translation of foreign subsidiaries		**21**	–
Share option charge	25	**55**	559
Share-based payment charge as a result of listing		**–**	661
Non-cash costs of acquisition		**–**	1,216
Finance income		**–**	(2)
Finance expense		**58**	158
		364	630
Changes in working capital:			
(Increase) in inventories		**73**	(375)
(Increase) in trade and other receivables		**47**	(121)
Increase in trade and other payables		**(360)**	633
Cash from operations		**124**	767
Taxation		**48**	70
Net cash from operating activities		**172**	837
Cash flows from investing activities			
Purchases of tangible fixed assets	10	**(804)**	(497)
Purchases of intangible assets	12	**(966)**	(383)
Cash acquired on reverse acquisition		**–**	2,601
Acquisition of subsidiaries	21	**(329)**	(288)
Acquisition of unlisted equity securities	13	**(297)**	–
Interest received		**–**	2
Net cash from/(used in) investing activities		**(2,396)**	1,435
Cash flows from financing activities			
Proceeds from issues of ordinary share capital		**–**	1,500
Expenses of share issues		**–**	(141)
Shares issued during the year		**11**	–
Proceeds from loans		**2,000**	–
Proceeds from shareholder loan advances		**–**	175
Principal element of lease payments		**(111)**	(20)
EBT loan		**(150)**	–
Repayment of development loan		**(487)**	(8)
Repayment of hire purchase		**–**	(2)
Interest paid		**(6)**	(57)
Net cash from financing activities	24	**1,257**	1,447
Net (decrease)/ increase in cash and cash equivalents		**(967)**	3,719
Cash and cash equivalents at beginning of year		**4,087**	368
Cash and cash equivalents at end of year		**3,120**	4,087

Notes to the Consolidated Financial Statements
For the year ended 31 March 2021

1. Reporting entity
OTAQ plc ("the Company'') and its subsidiaries (together, "the Group'') develop, provide and support the technology for use in the aquaculture industry and offshore oil & gas industries.

The principal activity of the Company is that of a holding company for the Group as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

The Company is a public limited company, which is listed on the London Stock Exchange and domiciled in England and incorporated and registered in England and Wales.

The address of its registered office is 8-3-4 Harpers Mill, South Road, White Cross, Lancaster, England, LA1 4XF. The registered number of the Company is 11429299.

The principal accounting policies adopted by the Group and Company are set out in note 2.

2. Accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation
The consolidated financial statements of OTAQ plc have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002, issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified for any financial assets which are stated at fair value through profit or loss. The consolidated financial statements of OTAQ plc are presented in pounds sterling, which is the presentation currency for the consolidated financial statements. The functional currency of each of the group entities is Sterling apart from OTAQ Chile SpA which is the Chilean Peso. Figures have been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The Group has taken advantage of the audit exemption for three of its subsidiaries, OTAQ Aquaculture Limited (company number SC498922), OTAQ Offshore Limited (company number SC314760) and OTAQ Connectors Limited (company number 03390514) by virtue of s479A of the Companies Act 2006. The Group has provided parent guarantees to these three subsidiaries which have taken advantage of the exemption from audit.

Reverse Takeover of Hertsford Capital plc
- On 31 March 2020 the Company, then named Hertsford Capital plc, became the legal parent of OTAQ Group Limited. The consolidated financial statements are presented as proforma to present the substance of the transaction.
- This transaction is deemed outside the scope of IFRS 3 Business Combinations (Revised 2008) and not considered a business combination because the directors made a judgement that prior to the transaction, Hertsford Capital plc was not a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3.B7-B12 due to Hertsford Capital plc being a shell company that had no processes or capability for outputs (IFRS 3.B7).

On this basis, the Directors have developed an accounting policy for this transaction, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

- relevant to the users of the financial information;
- more representative of the financial position;
- performance and cash flows of the Group;
- reflects the economic substance of the transaction, not merely the legal form; and
- free from bias, prudent and complete in all material aspects.

The accounting policy adopted by the Directors applies the principles of IFRS 3 in identifying the accounting acquirer and the presentation of the consolidated financial statements of the legal parent (OTAQ plc) as a continuation of the accounting acquirer's financial statements (OTAQ Group Limited). This policy reflects the commercial substance of this transaction as follows:

- the original shareholders of the subsidiary undertakings are the most significant shareholders post initial public offering, owning 70.5 per cent of the issued share capital; and
- the cash consideration paid as part of the initial public offering returned equity to the original shareholders of the legal subsidiary undertaking and as a consequence diluted their shareholding.

2. Accounting policies continued
(a) Basis of preparation continued
Accordingly, the following accounting treatment and terminology has been applied in respect of the reverse acquisition:

- the assets and liabilities of the legal subsidiary OTAQ Group Limited are recognised and measured in the group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings and other equity balances recognised in the group financial statements reflect the retained earnings and other equity balances of OTAQ Group Limited immediately before the business combination, and the results of the year from 1 April 2019 to the date of the business combination are those of OTAQ Group Limited. However, the equity structure appearing in the group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination; the cost of the combination has been determined from the perspective of OTAQ Group Limited.

The fair value of the shares in OTAQ Group Limited has been determined from the OTAQ plc shares prior to its suspension for the trading on the London Stock Exchange for 10 pence per share. The value of the consideration shares was £12,385,000. The fair value of the notional number of equity instruments that the legal subsidiary would have had to have issued to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity is £3,231,000. The difference between the notional consideration paid by OTAQ plc for OTAQ Group Limited and the OTAQ plc net assets acquired of £2,570,000 has been charged to the consolidated statement of comprehensive income as a share-based payment charge as a result of listing amounting to £661,000 with a corresponding entry to the reverse acquisition reserve.

Transaction costs of equity transactions relating to the issue and re-admission of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the consolidated statement of comprehensive income.

(b) Basis of consolidation
The Group's financial statements consolidate the financial information of OTAQ plc and the entities it controls (its subsidiaries) drawn up to 31 March each year.

All business combinations (except for the Hertsford Capital plc reverse takeover on 31 March 2020 which used the merger accounting method) 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 Group incurs in connection with a business combination are expensed as incurred.

All subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The percentage holdings of the Company in its subsidiaries is set out in note 14. The subsidiaries have been fully consolidated from the date control passed.

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

(c) Going concern
The Group is developing new products for its services, including procurement of hardware for installation on aquaculture sites, principally salmon farms. The Group has invested heavily in the development and procurement of these products and has achieved this through use of its cash reserves as well as the drawdown of a £2m loan facility during the year to 31 March 2021.

As at 31 March 2021, the Group had cash and cash equivalents of £3,120,000. The directors have prepared and reviewed the Group's funding requirements over the next two years and are confident the Group has sufficient financial resources to meet its financial commitments and strategic objectives.

The Group has experienced some impact due to the Covid-19 pandemic but has taken measures to ensure it can continue to operate including introducing safe ways of working for its employees. The Offshore business unit has experienced varied demand during the year but the continued development and launch of new products during the year has allowed it to deliver a solid financial performance. The Aquaculture business unit, particularly in Scotland, has been the subject of proposed regulatory reviews and the impact of these on customer sentiment continues to be monitored. However, the forecasts generated by the Group, which cover the period to July 2022 and have been modelled for reductions in anticipated revenue, demonstrate sufficient ongoing demand to satisfy liabilities as they fall due.

For these reasons the directors continue to adopt the going concern basis in preparing Group's financial statements.

2. Accounting policies continued

(d) Functional and presentational currency
The financial statements are presented in pounds sterling, which is the Group's functional currency. All financial information presented has been rounded to the nearest thousand.

(e) 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.

(f) 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, whose operating results 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.

(g) Revenue recognition
Revenue is recognised in accordance with IFRS 15. Revenue is recognised when a contract with a customer is held and the performance obligation associated with the customer contract has been satisfied. 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 over time following the performance obligation being satisfied over time.

(h) 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. Government grants relating specifically to Covid-19 support measures have been disclosed as "other operating income".

(i) Leases
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

2. Accounting policies continued

(i) Leases continued
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administrative expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

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

(k) 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 financial statements 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 substantively 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.

(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 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 to 4 years
Motor vehicles	–	straight line over 3 years

2. Accounting policies continued

(l) Property, plant and equipment continued

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 items are 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.

(m) 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 fair value of assets acquired by calculating the future net book value of expected cash flows.

Development costs are also charged to the statement of comprehensive income in the year of expenditure, except when individual projects satisfy the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs will be exceed by future sales; and
- adequate resources exist for the project to be completed.

Where intangible assets recognised have finite lives, after initial recognition their carrying value is amortised on a straight-line basis over those lives. Development costs are amortised once the project to which they relate is viewed to be completed and capable of generating revenue. 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 8 years

(n) Impairment of assets

At each reporting date the 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 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 date have not been subjected to impairment charges.

2. Accounting policies continued

(o) 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.

(p) Financial instruments

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has only financial assets measured at amortised cost. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse features).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

2. Accounting policies continued

(p) Financial instruments continued

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

(q) Cash and cash equivalents

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

(r) Provisions

Provisions are recognised when the 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 2021 (2020: £nil).

(s) 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.

(t) Investments

Fixed asset investments in subsidiaries are stated at cost less provision for impairment.

(u) Unlisted Investments

Unlisted investments are stated at cost less provision for impairment.

(v) Defined contribution pension scheme

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

(w) New and amended standards adopted by the Company

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of a Business – Amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting; and
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

With an exception of the amended definition of a Business, which will likely result in more acquisitions being accounted for as asset acquisitions, the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

3. Use of estimates and judgements

The preparation of financial statements 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 financial statements 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 financial statements. 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.

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 2021 was £243,000 (2020: £647,000). The value of the deferred tax liability at the year-end is £176,000 (2020: £136,000) and which has not been recognised, as it is covered by accumulated tax losses. Further information is included in notes 8 and 23.

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 4.

Useful Economic Life of Assets

Judgements are required as to the useful economic life of Sealfence assets. Further information on all useful economic lives of assets is included in notes 2 and 10.

Development costs

Management judgement is required to determine the appropriate value of an asset as well as when an asset should be recognised. These judgements are based upon the likely timing and level of future revenues. Development costs are periodically assessed for impairment and costs are written-off if the project to which they relate is no longer considered to be commercially viable. The value of the development costs capitalised at 31 March 2021 was £1,262,000 (2020: £650,000). Further information is included in note 12.

4. Segmental information

A segment is a distinguishable component of the Group's activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operational decision makers to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. In identifying its operating segments, management generally follows the Group's service line which represent the main products and services provided by the Group.

The directors believe that the Group operates in three primary segments being the rental and sale of intelligent acoustic systems designed to deter seals and sea lions from attacking fish farms (Aquaculture), the rentals and sale of underwater measurement and leak detection devices in the Offshore (oil & gas) market and the manufacture and supply of underwater communication and other marine goods in the Connectors division.

All of the Group's revenue have been generated from continuing operations and are from external customers.

	31 March 2021 £'000	31 March 2020 £'000
Analysis of revenue		
Amounts earned from Aquaculture equipment rentals, sales and associated charges	**2,553**	2,108
Amounts earned from Offshore rentals and sales	**505**	616
Amounts earned Connectors' sales	**859**	696
Other sales and development income	**136**	–
	4,053	3,420

Included within revenue are amounts earned from system rentals and associated charges from two material customers of £1,081,000 and £411,000 (2020: £1,041,000 and £506,000).

	31 March 2021 £'000	31 March 2020 £'000
Analysis of gross profit		
Amounts earned from Aquaculture equipment rentals, sales and associated charges	**1,510**	1,261
Amounts earned from Offshore rentals and sales	**357**	517
Amounts earned from Connectors' sales	**319**	186
Product sales and development income	**117**	–
	2,303	1,964

4. Segmental information continued

The Group operates in six main geographic areas, although all are managed in the UK. The Group's revenue per geographical segment based on the customer's location is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Revenue		
UK	**2,818**	2,620
Chile	**293**	298
Asia	**150**	214
Europe (excluding UK)	**454**	218
North America	**287**	70
Rest of the World	**51**	–
	4,053	3,420

The Group's assets are located in the UK and Chile and although some of its tangible assets, in the form of systems for rental, are located in Chile, all are owned by the company or its subsidiaries.

5. Operating loss

Operating loss is stated after charging/(crediting):

	31 March 2021 £'000	31 March 2020 £'000
Depreciation of property, plant and equipment (see note 10)	**693**	579
Depreciation of right of use assets (see note 11)	**118**	20
Amortisation and impairment of intangible assets (see note 12)	**165**	191
Research and development costs	**105**	–
Exceptional costs	**161**	–
Government grants relating to Covid-19	**(123)**	–
Share-based payment charge (see note 25)	**55**	–
Net foreign exchange (gains)/losses	**(8)**	2

Exceptional costs relate to one-off and non-recurring costs primarily professional fees incurred. In relation to investment activities, financing and share scheme constitution.

Auditor remuneration

	31 March 2021 £'000	31 March 2020 £'000
Audit services:		
Fees payable to the Group's auditor for the audit of the Group and Company annual accounts	**25**	22
Fees payable to the Group's auditor for the audit of the Company's subsidiaries	**40**	53
Fees payable to the Group's auditor and their associates for other services to the Group and Company – other non-audit services	**–**	200
	65	275

The fees payable to the Group's auditor for non-audit services in the previous year related to services provided to OTAQ Group Limited and its subsidiaries prior to the reverse acquisition with Hertsford Capital Plc. Since the date of the reverse acquisition no non-audit services have been provided.

6. Staff costs and numbers

The average monthly number of employees (including executive directors) for the continuing operations was:

	31 March 2021 No.	31 March 2020 No.
Directors	**2**	–
Administration	**20**	20
Engineering	**7**	6
Manufacturing	**13**	10
	42	36

Directors are nil in the previous year as the executive directors were appointed on 31 March 2020.

Staff costs for the Group during the year including executive directors:

	31 March 2021 £'000	31 March 2020 £'000
Wages and salaries	**1,878**	1,967
Social security costs	**206**	149
Other pension costs	**60**	27
	2,144	2,143

Directors' remuneration

Full details of the directors' remuneration, for current directors, is provided in the audited part of the Directors' Remuneration Report on pages 22 to 33.

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the statement of comprehensive income in respect of defined contribution schemes was £60,000 (2020: £27,000). Contributions totalling £9,000 (2020: £5,000) were payable to the fund at the year-end and are included in creditors.

7. Net finance costs

	31 March 2021 £'000	31 March 2020 £'000
Finance income		
Bank interest received	**–**	2
Total finance income	**–**	2
Finance costs		
Bank and loan interest payable	**(5)**	(56)
Unwinding of discount on deferred cost	**(52)**	(101)
Hire purchase interest payable	**–**	(1)
Lease interest payable	**(1)**	–
Total finance costs	**(58)**	(158)
Net finance costs	**(58)**	(156)

8. Taxation

The tax credit is made up as follows:

	31 March 2021 £'000	31 March 2020 £'000
Current income tax:		
UK corporation tax credit for the year	**–**	(51)
Adjustments in respect of prior year	**(99)**	–
Research and development income tax credit receivable	**(177)**	(62)
Total current income tax	**(276)**	(113)
Deferred tax expense:		
Origination and reversal of temporary differences	**86**	–
Tax credit per statement of comprehensive income	**(192)**	(113)

The tax charge differs from the standard rate of corporation tax in the UK of 19% for the year ended 31 March 2021 (19% for the year ended 31 March 2020). The differences are explained below:

	31 March 2021 £'000	31 March 2020 £'000
Loss on ordinary activities before taxation	**(726)**	(2,760)
Add back losses incurred in Chile	**87**	107
(Deduct losses)/add profits in acquired company pre acquisition	**–**	(67)
UK loss on ordinary activities before taxation	**(639)**	(2,720)
UK tax credit at standard rate of 19% (2020: 19%)	**(121)**	(517)
Effects of:		
Fixed assets timing differences	**42**	–
Expenses not deductible for tax	**51**	268
Additional deduction for R&D expenditure	**(186)**	(134)
Adjustments in respect of prior year	**(99)**	(50)
Prior year losses utilised	**55**	0
Changes in tax rate	**–**	(18)
Deferred tax not recognised	**66**	338
Total taxation credit	**(192)**	(113)

The Chancellor announced in the Spring 2020 Budget that the corporation tax rate would remain at 19%, rather than falling to 17% for financial years starting on 1 April 2020. This became substantially enacted on the 17 March 2020 through the Provision of Collection Taxes mechanism as a result of Coronavirus.

The 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 19% (2020: 19%) is £243,000 (2020: £647,000), of which £Nil (2020: £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 Group also has a deferred tax liability being accelerated capital allowances, for which the tax measured at a standard rate of 19% (2020: 19%) is £176,000 (2020: £136,000) and which has not been recognised, as it is covered by accumulated tax losses.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9. Losses per share

Basic earnings or losses per share are calculated by dividing the loss or profit after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year.

Diluted earnings or losses per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options. The calculation of earnings or losses per share is based on the following losses and number of shares.

In calculating the weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) during the period in which the reverse occurs:

(a) The number of ordinary shares outstanding from the beginning of that period to the acquisition date shall be computed, on the basis of the weighted average number of ordinary shares of the legal acquiree (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the merger agreement; and

(b) The number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of the legal acquirer (the accounting acquiree) outstanding during that period.

A reconciliation is set out below.

	31 March 2021 £'000	31 March 2020 £'000
Loss for the year attributable to owners of the Group	**(534)**	(2,636)
Weighted average number of shares:		
– Basic	**30,561,747**	31,888,358
– Diluted	**30,894,123**	33,690,270
Basic earnings per share (pence)	**(1.7)**	(8.3)
Diluted earnings per share (pence)	**(1.7)**	(8.3)*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options that are dilutive potential ordinary shares.

* These shares are not considered dilutive because they decrease the loss per share.

	31 March 2021 £'000	31 March 2020 £'000
Operating loss	**(668)**	(898)
Share option charge	**55**	559
Exceptional costs	**161**	–
Amortisation of intangible assets	**165**	163
Impairment of goodwill	**–**	28
IFRS16 depreciation	**118**	20
Depreciation on property, plant and equipment	**693**	579
Adjusted EBITDA*	**524**	451

Weighted average number of shares:		
– Basic	**30,561,747**	31,888,358
– Diluted	**30,894,123**	33,690,270
Adjusted basic earnings per share (pence)	**1.7**	1.4
Adjusted diluted earnings per share (pence)	**1.7**	1.3

10. Property, plant and equipment

	Systems for rental £'000	Plant and equipment £'000	Motor vehicles £'000	**Total £'000**
COST				
At 31 March 2019	1,930	63	30	**2,023**
Additions	378	99	20	**497**
Acquisition at NBV	–	8	–	**8**
Disposals	(204)	–	–	**(204)**
At 31 March 2020	2,104	170	50	**2,324**
Additions	557	191	56	**804**
Disposals	(73)	–	(20)	**(93)**
At 31 March 2021	**2,588**	**361**	**86**	**3,035**
DEPRECIATION				
At 1 April 2019	458	30	11	**499**
Depreciation charge for year	547	11	21	**579**
Depreciation eliminated on disposals	(196)	–	–	**(196)**
At 31 March 2020	809	41	32	**882**
Depreciation charge for year	594	83	16	**693**
Depreciation eliminated on disposals	(73)	–	(15)	**(88)**
At 31 March 2021	**1,330**	**124**	**33**	**1,487**
NET BOOK VALUE				
At 31 March 2021	**1,258**	**237**	**53**	**1,548**
At 31 March 2020	**1,295**	**129**	**18**	**1,442**
At 31 March 2019	**1,472**	**33**	**19**	**1,524**

11. Leases

Right-of-use assets

	Buildings and facilities £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2020	312	–	312
Additions	243	134	377
Disposals	(44)	–	(44)
At 31 March 2021	511	134	645
Accumulated depreciation			
At 1 April 2020	20	–	20
Charge for the year	100	18	118
Disposals	(19)	–	(19)
At 31 March 2021	101	18	119
Carrying amount			
At 31 March 2021	410	116	526
At 31 March 2020	292	–	292

The Group leases several assets including buildings and facilities as well as motor vehicles acquired during the year. The average lease term by asset is 3.6 years. This term includes an extension option, which the Group is reasonably certain to exercise.

Amounts recognised in profit and loss:

	31 March 2021 £'000	31 March 2020 £'000
Depreciation expense on right-of-use assets	**118**	20
Interest expense (included in finance cost)	**1**	–

The total cash outflow for leases amount to £111,000 (2020: £20,000).

Lease liabilities

Maturity analysis

A maturity analysis of lease liabilities based on discounted gross cash flows is reported in the table below:

	31 March 2021 £'000	31 March 2020 £'000
Year 1	**249**	78
Year 2	**120**	73
Year 3	**82**	55
Year 4	**54**	47
Year 5	**16**	39
Total lease liabilities	**521**	292

The Group does not face a significant liquidity risk with regard to its lease liabilities. All lease obligations are denominated in pounds sterling.

12. Intangible assets

	Goodwill £'000	Trademarks £'000	IP licence £'000	Development cost £'000	Total intangible assets £'000
COST					
At 31 March 2019	612	515	142	364	**1,633**
Additions	447	–	–	383	**830**
At 31 March 2020	1,059	515	142	747	**2,463**
Additions	–	–	286	680	**966**
At 31 March 2021	**1,059**	**515**	**428**	**1,427**	**3,429**
AMORTISATION					
At 31 March 2019	–	–	83	35	**118**
Charge for the year	–	65	36	62	**163**
Impairment	28	–	–	–	**28**
At 31 March 2020	28	65	119	97	**309**
Charge for the year	–	64	33	68	**165**
At 31 March 2021	**28**	**129**	**152**	**165**	**474**
NET BOOK VALUE					
At 31 March 2021	**1,031**	**386**	**276**	**1,262**	**2,955**
At 31 March 2020	1,031	450	23	650	**2,154**
At 31 March 2019	612	515	59	329	**1,515**

IP license additions during the year mainly pertained to the intellectual property acquired as a part the acquisition of assets and liabilities of ROS Technology Limited, which took place during the year. The Group elected to apply the optional concentration test, which resulted in a conclusion that the acquisition is not a business combination on the basis that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets. Therefore, this acquisition was accounted as an asset acquisition (i.e. outside the scope of IFRS 3).

Intellectual property licenses are amortised on a straight line basis over four or five years, development costs are amortised on a straight line basis over six years and trademarks are amortised on a straight line basis over eight years. Amortisation provided during the year is recognised in administrative expenses.

Goodwill

In the year to 31 March 2020, shares were issued for the purchase of the minority interest of 10% in OTAQ Chile SpA valued at £28,000 and this was subsequently impaired.

13. Unlisted investments

	31 March 2021 £'000	31 March 2020 £'000
Unlisted equity securities	**297**	–
	297	–

Unlisted equity securities pertain to 15% of ordinary share capital of Minnowtech LLC held directly by OTAQ Group Limited.

The directors consider that the carrying amount of unlisted equity securities approximates to their fair value and that no impairment is required at the reporting date.

14. Subsidiaries of the Group

The principal subsidiaries of the Group at 31 March 2021 and 31 March 2020 are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	% Held
OTAQ Group Limited[1]	England	Fish farm security; rental and sale to offshore and gas industry	Ordinary	100% direct
OTAQ Aquaculture Limited (formerly OTAQ Limited)[2]	Scotland	Fish farm security	Ordinary	100% indirect
OTAQ Chile SpA*[3]	Chile	Fish farm security	Ordinary	100% indirect
OTAQ Offshore Limited (formerly MarineSense Limited)[2]	Scotland	Rental and sale to offshore and gas industry	Ordinary	100% indirect
OTAQ Connectors Limited (formerly Link Subsea Limited)[1]	England	Manufacture and supply of underwater communication and other marine goods	Ordinary	100% indirect
OTAQ Group UK Limited[1]	England	Dormant	Ordinary	100% indirect
OTAQ UK Limited (formerly, OTAQ Lancaster Limited, formerly OTAQ Limited)[1]	England	Dormant	Ordinary	100% indirect

* OTAQ Chile SpA has a year end date of 31 December in order to comply with the requirements of the Chilean authorities.
[1] Registered office address: 8-3-4 Harpers Mill, South Road, White Cross, Lancaster, England, LA1 4XF
[2] Registered office address: Crombie Lodge, Aberdeen Innovation Park, Campus 2, Aberdeen, Scotland, AB22 8GU
[3] Registered office address: Pacheco Altamarino 2875, Puerto Montt, Chile

15. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Current:		
Trade receivables – gross claim value	**531**	406
Provision for impairment of trade receivables	**(28)**	-
Prepayments	**207**	106
Other	**150**	245
	860	757

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 considered for impairment on an expected credit loss model. Therefore, there is a provision for impairment at the statement of financial position date of £28,000 (2020: £Nil).

The Group's trade receivables at 31 March 2021 included £nil (2020: £174,000) for OTAQ Connectors Limited (formerly Link Subsea Limited) added at date of acquisition.

The age of net trade receivables is all within one year (2020: one year) and the average gross debtor days calculated on a count back basis were 44 days (2020: 54 days).

16. Income tax asset

	31 March 2021 £'000	31 March 2020 £'000
Research and development tax credit receivable	**286**	56
	286	56

17. Inventories

	31 March 2021 £'000	31 March 2020 £'000
Stock	**899**	972
	899	972

The Group's inventories at 31 March 2021 included £nil (2020: £60,000) for OTAQ Connectors Limited (formerly Link Subsea Limited) inventories added at date of acquisition.

The value of inventory provided for as at 31 March 2021 is £97,000 (2020: £90,000). £671,000 of stock was expensed in the year through cost of sales (2020: £664,000).

18. Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash at bank and in hand	**3,120**	4,087
	3,120	4,087

Cash at banks earns interest at floating rates based on daily bank deposit rates. An analysis of cash and cash equivalents by denominated currency is given in note 28.

19. Share capital and share premium

The called-up and fully paid share capital of the Company is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Allotted, called-up and fully paid: 30,763,251 (2020: 30,548,599) Ordinary shares of £0.15 each (2020: £0.15 each)	**4,614**	4,582

Movements in ordinary shares:	Number of shares No.	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2020	30,548,599	4,582	2,892	7,474
Shares issued during the year	37,240	6	5	11
Exercise of share options	177,412	26	–	26
At 31 March 2021	30,763,251	4,614	2,897	7,511

During the year, 37,240 of ordinary shares were issued as part of the Share Incentive Plan.

Share premium

The share premium account represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value and is non-distributable.

20. Reserves

Share option reserve

The share option reserve arises from the requirement to value share options in existence at the year end at fair value. Further details of share options are included at note 25.

Merger relief reserve

The merger relief reserve arose on the Company's reverse acquisition of OTAQ Group Limited and relates to the share premium on the 21,539,904 shares issued to acquire OTAQ Group Limited.

Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS 3 'Business Combinations'. The reserve arises due to the elimination of the Company's investment in OTAQ Group Limited. Since the shareholders of OTAQ Group Limited became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's costs are deemed to have been incurred by the legal subsidiary.

Other reserve

Other reserve represents the value of the exercised or lapsed share options which were exercised and the foreign exchange in relation to the translation of subsidiaries reporting in foreign currencies.

Revenue reserve

The revenue reserve accumulates the losses attributable to the equity holders of the parent company.

21. Deferred payment for acquisition

	31 March 2021 £'000	31 March 2020 £'000
Current		
Fair value of deferred cash consideration on the acquisition of OTAQ Offshore Limited (formerly MarineSense Limited)	**187**	230
Fair value of deferred cash consideration on the acquisition OTAQ Connectors Limited (formerly Link Subsea Limited)	**28**	43
	215	273
Non-current		
Fair value of deferred and contingent consideration on the acquisition of OTAQ Offshore Limited (formerly MarineSense Limited)	**–**	188
Fair value of deferred cash consideration on the acquisition OTAQ Connectors Limited (formerly Link Subsea Limited)	**–**	44
	–	232

	31 March 2021 £'000	31 March 2020 £'000
Deferred payment for acquisition movement		
Opening balance	**505**	418
Additions on acquisition (discounted)	**–**	87
Unwinding of discount	**52**	–
Interest paid on deferred consideration	**(29)**	–
Repayments	**(300)**	–
Revaluation of the deferred consideration	**(13)**	–
Closing balance	**215**	505

As part of the acquisition of OTAQ Offshore Limited (formerly MarineSense Limited) on 23 November 2018, there is a contingent consideration in place in that in the event that on the third anniversary of completion the market value of OTAQ plc's share is less than 64p per share, a sum of up to £250,000 might be payable to the previous owners. The fair value of the contingent consideration of £187,000 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 OTAQ plc's shares on the third anniversary of completion of 36 pence per share. The fair value of the contingent consideration is included in liabilities as shown above.

As part of the acquisition of OTAQ Connectors Limited (formerly Link Subsea Limited) on 29 April 2019, there is deferred cash payment of £50,000, which is due on the second anniversary of completion. The fair value of the deferred consideration of £28,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 10%. The fair value of the deferred consideration is included in liabilities as shown above.

22. Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Current		
Trade payables	**712**	955
Accrued expenses	**199**	946
Deferred revenue	**764**	198
Other creditors	**133**	107
	1,808	2,206
Non-current		
Other creditors	**38**	–
	38	–

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases is 30 days. No interest is paid on trade payables over 30 days.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The Group's trade and other payables at 31 March 2021 included £nil (2020: £195,000) for OTAQ Connectors Limited (formerly Link Subsea Limited) added at date of acquisition.

Non-current other creditors due pertain to the deferred portion of the consideration for the intangible assets acquired during the year.

23. Deferred tax and Income tax liability

	31 March 2021 £'000	31 March 2020 £'000
Deferred tax liability		
Deferred taxation due to timing differences	**88**	2
Deferred taxation on intangibles recognised at acquisition	**88**	88
	176	90

24. Borrowings

	31 March 2021 £'000	31 March 2020 £'000
Interest bearing loans	**2,000**	487
	2,000	487

Analysis of loans and borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	31 March 2021 £'000	31 March 2020 £'000
Current liabilities	**187**	487
Non-current liabilities	**1,813**	–
	2,000	487

24. Borrowings continued

The terms and conditions of outstanding loans are as follows:

			31 March 2021		31 March 2020	
	Nominal interest rate	Date of maturity	Face value £'000	Carrying amount £'000	Face value £'000	Carrying amount £'000
Loans from shareholders	10% p.a.	30 April 2020	–	–	487	487
CBILS loan	The higher of 8% p.a. and the monthly average Sterling Over Night Index Average ("SONIA") plus 6.0%	1 January 2026	2,000	2,000	–	–
Total interest-bearing liabilities			**2,000**	**2,000**	487	487

On 1 February 2021, one of the Company's subsidiaries, OTAQ Aquaculture Ltd, signed a £2,000,000 loan agreement which is supported by the Government's Coronavirus Business Interruption Loan Scheme (CBILS).

- Months 0-6: 0% amortisation;
- Months 7-12: 1% amortisation of initial drawn amount, per tranche, to be paid each month;
- Month 12 onwards: remaining amount to be repaid in equal instalments over the remaining term of the facility.

In addition, 1.5% of the total Facility was paid on completion as the Facility fees. Loans due to shareholders were fully repaid in April 2020.

Analysis of loans and borrowings

	Lease liabilities £'000	Loan to Employee Benefit Trust £'000	CBILS £'000	Loans from shareholders £'000
Balance at 1 April 2020	292	–	–	487
Cash flows				
Repayment of borrowings	–	–	–	(487)
Proceeds from new loans	–	–	2,000	–
New loan issued	–	(150)	–	–
Lease payments	(111)	–	–	–
Non-cash changes*	340	–	–	–
Balance at 31 March 2021	**292**	**292**	**–**	**292**

* This balance includes £377,000 of new leases entered to in the year.

25. Share options

Prior to admission on the Main Market of London Stock Exchange, 438,312 share options equating to 1.43 per cent of the share capital of the Company were granted to Jag Mundi (a director and Chairman of OTAQ Group Limited up to admission), and 1,043,600 share options equating to 3.42 per cent of the share capital were granted to Philip Newby (a director) under the Share Option Scheme, subject to certain performance criteria. All Jag Mundi's shares were exercised during the year.

In addition, 320,000 share warrants equating to 1.05 per cent of the share capital were granted to various key management personnel on admission.

On 16 October 2020, the Company granted further 750,000 of share options to various key management personnel under the Enterprise Management Incentive ("EMI") Share options.

On the same date, 1,043,600 share options, granted to Philip Newby (a director) prior to admission (as disclosed above), were replaced by the following Enterprise Management Incentive ("EMI") and Non-EMI Share Option Schemes (the "Options"):

Type of Option: EMI Option / Non-Qualifying Option	Option Price	Vesting Dates	Number of Shares under Option
EMI Option	£nil	584,416 vest on the date of grant; 10,819 vest on 31 March 2021	595,235
Cash at bank and in hand	£nil	218,773 vest on 31 March 2021; 229,592 vest on 31 March 2022	448,365
Total number of shares under option			**1,043,600**

An option-holder has no voting or dividend rights in the Company before the exercise of a share option.

Set out below are summaries of options granted under the plan:

	31 March 2021		31 March 2020	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
At 1 April	£0.32	1,801,912	-	-
Granted during the year	£0.24	1,793,600	£0.32	1,801,912
Exercised during the year	£0.01	(177,412)	–	–
Lapsed during the year	£0.01	(229,592)	–	–
Cancelled during the year	£0.01	(1,043,600)	–	–
As at 31 March	**£0.30**	**2,144,908**	£0.32	1,801,912

The remaining weighted average contractual life of the share options and warrants at 31 March 2021 is 7.54 years.

Fair value of options granted

The estimated average fair value of 1,793,600 (2020: 1,801,912) options granted during the year was £0.25 (2020: £0.31). The fair value at grant date is determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

The model inputs were:

- share prices at grant date of £0.42 (2020: £0.57);
- exercise prices of £0.001 to £0.595 (2020: £0.001 to £0.50);
- expected volatility of 58% (2020: 40%);
- expected dividend rate of 0% (2020: 0%);
- contractual life of 0 to 3 years (2020: 3 to 10 years); and
- a risk-free interest rate of 1% (2020: 1%).

The total reserve and share-based payment expense recognised in the statement of comprehensive income for the year ended 31 March 2021 in respect of these options granted was £55,428 (2020: £559,000).

229,592 share options granted to Philip Newby have a vesting condition requiring the share price to be £0.728 on or before 31 March 2021. A further 229,592 share options granted to Philip Newby have a vesting condition requiring the share price to be £1.093 on or before 31 March 2022.

On 16 October 2020, share options belonging to Philip David Newby totalling 200 shares in OTAQ Group Limited, which would have converted to 1,043,600 shares in OTAQ plc, were cancelled and replaced with new options totalling 1,043,600. A fair valuation calculation and adjustment for these options was made on 16 October 2020.

26. Commitments and contingencies

Capital commitments

The Group is committed to the following capital expenditure contracted in the current financial year:

	31 March 2021 £'000	31 March 2020 £'000
	1,025	360

Contingencies

There were no contingent liabilities at 31 March 2021 and 31 March 2020.

27. Financial instruments – classification and measurement

Financial assets

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

	31 March 2021 £'000	31 March 2020 £'000
Trade receivables	**503**	406
Cash at bank and in hand	**3,120**	4,087
	3,623	4,493

Financial assets measured at FVPL include the following:

	31 March 2021 £'000	31 March 2020 £'000
Unlisted equity securities	**297**	–
	297	–

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other creditors, loans, deferred payment for acquisition and lease liabilities as follows:

	31 March 2021 £'000	31 March 2020 £'000
Trade payables	**751**	955
Other creditors	**133**	107
Loans	**2,000**	487
Deferred payment for acquisition	**215**	505
Lease liabilities	**521**	292
	3,620	2,346

28. Financial risk management

The Group'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 Group 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 Group finances its operations through a mixture of equity finance, cash, loans and liquid resources and various items such as trade debtors and trade creditors which arise directly from the Group'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 Group's policy to settle trade payables within the credit terms allowed and the Group does therefore not incur interest on overdue balances.

28. Financial risk management continued

(a) Interest rate risk continued

The Group has external borrowings linked to SONIA but capped until SONIA exceeds 2%; the risk is therefore limited in the short to medium term given current low SONIA rates. The reduction of interest received on cash surpluses held at bank is based on a floating rate of interest. The principal impact to the Group is the result of interest-bearing loans and cash including cash equivalent balances held as set out below:

	31 March 2021			31 March 2020		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash at bank and in hand	–	3,120	3,120	–	4,087	4,087
Interest bearing loans	(2,000)	–	(2,000)	(487)	–	(487)
Total	(2,000)	3,120	1,120	(487)	4,087	3,600

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Liquidity risk arises from the repayment demands of the Group's lenders.

The Group manages all of its external bank relations centrally. Any material change to the Group's principal banking facility requires approval by the board. The cash requirements of the Group are forecasted by the board annually. The Group is not dependent on any external borrowings.

At the reporting date the Group was cash positive.

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

	31 March 2021 £'000	31 March 2020 £'000
Trade and other payables		
Less than 2 months	846	1,062
Other financial liabilities		
Less than 2 months	100	273
3 months – 1 year	551	565
1 – 5 years	2,123	446
Total	3,620	2,346

(c) Capital risk management

The Group reviews its forecast capital requirements on a half-yearly basis to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. It is the current strategy of the Group to finance its activities from existing equity and reserves as well as additional financing where appropriate and by the issue of new equity as required.

The capital structure of the Group consists of equity attributable to equity holders, comprising issued share capital, share premium, other reserves and retained earnings as disclosed in notes 19 to 20 and the statement of changes in equity. Total equity attributable to the equity holders of the parent company was £5,733,000 at 31 March 2021 (31 March 2020: £6,180,000).

The Group 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 Group and the risk that any debtors of the Group may default on amounts due to the Group. The Group's principal financial assets are trade receivables, other debtors and cash equivalents.

The Group has a policy of only dealing with credit worthy counterparties. The Group had £503,000 of trade receivables at the year end (2020: £406,000). The 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. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. 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 maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the statement of financial position date.

28. Financial risk management continued

(e) Currency risk

The 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 Group. The risk is in respect of United States Dollars, Euros and Chilean Pesos. 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 2021 or at 31 March 2020 and the Group did not enter into any such contracts during 2021 nor 2020.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	31 March 2021						31 March 2020			
	GBP £'000	CLP £'000	USD £'000	AUD £'000	EUR £'000	Total £'000	GBP £'000	CLP £'000	EUR £'000	Total £'000
Cash at bank and in hand	3,048	30	41	–	1	3,120	4,061	22	4	4,087
Trade receivables	359	76	40	–	28	503	359	42	6	407
Trade payables	(713)	(6)	(2)	(30)	–	(751)	(735)	(220)	–	(955)
Total	2,694	100	79	(30)	29	2,872	3,685	(156)	10	3,539

Sensitivity analysis to movement in exchange rates

Given the immaterial asset balances in foreign currency, the exposure to a change in exchange rate is negligible.

(f) Offsetting financial assets and financial liabilities

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

Notes to the Consolidated Financial Statements continued
For the year ended 31 March 2021

29. Related party transactions
Transactions with directors and companies controlled by directors

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

	31 March 2021 £'000	31 March 2020 £'000
Charges incurred during the year by OTAQ Aquaculture Limited:		
Corsie Technology Limited – a company controlled by a director		
For goods and services provided	**32**	97

	31 March 2021 £'000	31 March 2020 £'000
Balances outstanding at year end with OTAQ Aquaculture Limited:		
Corsie Technology Limited – a company controlled by a director		
Invoices payable by the Company	**–**	–

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation and are not disclosed in this Note.

	31 March 2020 £'000	31 March 2020 £'000
Goods supplied and management charges raised by OTAQ Group Limited to its subsidiaries:		
OTAQ Aquaculture Limited (formerly OTAQ Limited)	**749**	845
OTAQ Chile SpA	**122**	70
OTAQ Offshore Limited (formerly MarineSense Limited)	**5**	–
	876	915

30. Subsequent events
On 7th May 2021, one of the Company's subsidiaries, OTAQ Group Limited, invested US$300,000 in Blue Lion Labs LLC, a company incorporated in Ontario, Canada, in return for a 10% equity stake.

Company Balance Sheet
As at 31 March 2021

	Note	Year ended 31 March 2021 £'000	Period from 1 July 2019 to 31 March 2020 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**3,231**	3,231
Total non-current assets		**3,231**	3,231
Current assets			
Trade and other receivables	3	**720**	1,575
Cash and cash equivalents	4	**2,722**	2,602
Total current assets		**3,442**	4,177
Total assets		**6,673**	7,408
EQUITY AND LIABILITIES			
Equity			
Share capital	5	**4,614**	4,582
Share premium	6	**2,897**	2,892
Share option reserve	8	**473**	559
Other reserve	6	**115**	–
Revenue reserve	6	**(1,512)**	(1,132)
Total equity		**6,587**	6,901
Current liabilities			
Trade and other payables	7	**86**	507
Total current liabilities		**86**	507
Total liabilities		**86**	507
Total equity and liabilities		**6,673**	7,408

As permitted s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's loss for the year was £380,000 (2020: £1,076,000 for the period from 1 July 2019 to 31 March 2020).

These financial statements were approved by the Board of Directors on 19th July 2021.

Signed on behalf of the Board by:

Mr P D Newby
Director
Company number: 11429299

Company accounting policies are in line with Group – See Group note 2.

The accompanying notes on pages 76 to 79 form an integral part of these financial statements.

Company Statement of Changes in Equity
For the period ended 31 March 2021

	Share capital £'000	Share premium £'000	Share option reserve £'000	Other reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 July 2019	960	1,924	4	–	(56)	2,832
Loss and total comprehensive expenses for the period	–	–	–	–	(1,076)	(1,076)
Issue of share capital	3,622	1,109	–	–	–	4,731
Expenses of share issues	–	(141)	–	–	–	(141)
Grant of share options	–	–	555	–	–	555
Balance at 31 March 2020	4,582	2,892	559	–	(1,132)	6,901
Balance at 1 April 2020	4,582	2,892	559	–	(1,132)	6,901
Loss and total comprehensive expenses for the period	–	–	–	–	(380)	(380)
Issue of share capital	6	5	–	–	–	11
Expenses of share issues	26	–	(141)	115	–	–
Grant of share options	–	–	55	–	–	55
Balance at 31 March 2021	4,614	2,897	473	115	(1,512)	6,587

Company accounting policies are in line with Group – See Group note 2.

The accompanying notes on pages 76 to 79 form an integral part of these financial statements.

Company Statement of Cash Flows
For the period ended 31 March 2021

	Note	**Year ended 31 March 2021 £'000**	Period from 1 July 2019 to 31 March 2020 £'000
Cash flows from operating activities			
Loss before taxation		**(380)**	(1,076)
Adjustments for non-cash/non-operating items:			
Share option charges		**55**	555
		(325)	555
Changes in working capital:			
Decrease/(increase) in trade and other receivables	3	855	(1,570)
(Decrease)/increase in trade and other payables	7	(421)	494
Cash used in operations		**109**	(1,597)
Taxation		**–**	–
Net cash generated from/(used in) operating activities		**109**	(1,597)
Cash flows from financing activities			
Proceeds from issues of shares		11	1,500
Expenses of share issues		–	(141)
Net cash from financing activities		**11**	1,359
Net increase/(decrease) in cash and cash equivalents		120	(238)
Cash and cash equivalents at beginning of the period		2,602	2,840
Cash and cash equivalents at end of the period		**2,722**	2,602

Company accounting policies are in line with Group – See Group note 2.

The accompanying notes on pages 76 to 79 form an integral part of these financial statements.

1. Segmental reporting
The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group. The Directors consider this to consummate one reportable segment.

2. Investment in subsidiaries
On 31 March 2020, the Company acquired the entire share capital of OTAQ Group Limited and its subsidiaries, OTAQ Aquaculture Limited, OTAQ Offshore Limited, OTAQ Connectors Limited and OTAQ Chile SpA through a reverse takeover.

	31 March 2021 £'000	31 March 2020 £'000
Cost		
Brought forward	**3,231**	–
Additions	**–**	3,231
Carried forward	**3,231**	3,231
Net book value	**3,231**	3,231

3. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Current:		
Amounts due from subsidiaries	**517**	1,500
Prepayments	**27**	12
Other	**176**	63
	720	1,575

Amounts due from subsidiaries are trading balances, are not interest bearing and are repayable on demand.

Fair values of receivables
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.

4. Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash at bank and in hand	**2,722**	2,602
	2,722	2,602

Cash at bank earns interest at floating rates based on daily bank deposit rates.

5. Share capital
The share capital account records the nominal value of shares issued.

Details of the Company's authorised, called-up and fully paid share capital are set out in note 19 to the consolidated financial statements. The ordinary shares of the Company carry one vote per share and an equal right to any dividends declared.

6. Reserves
The share premium account represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value and is non-distributable. In relation to the Company's reverse acquisition of OTAQ Group Limited, as the Company secured more than a 90% equity holding in OTAQ Group Limited on terms that the consideration for the shares allotted was provided by the transfer to the Company of equity shares in the OTAQ Group Limited, section 610 of the Companies Act 2006 does not apply to the premium on those shares. Accordingly, the share issue has been accounted for at par value with no share premium.

The share option reserve arises from the requirement to value share options in existence at the year/period end at fair value. Further details of share options are included at note 25 in the consolidated financial statements.

Revenue reserve represents accumulated losses.

7. Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Current:		
Trade payables	**55**	59
Amounts due to subsidiaries	**–**	417
Accrued expenses	**31**	31
	86	507

Trade and other payables comprise amounts outstanding for on-going costs. All trade and other payables are current. All balances are denominated in Sterling. Trade payables and accruals principally comprise amounts outstanding for ongoing costs.

Amounts due to subsidiaries are trading balances, are not interest bearing and are repayable on demand.

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

8. Share options
Following the reverse acquisition the Company established a new share option scheme, details of which are disclosed in note 25 to the consolidated financial statements.

9. Related party transactions
The only key management personnel of the Company are the directors. Details of their remuneration are contained in note 6 to the consolidated financial statements. The following transactions with subsidiaries occurred in the year/period:

	31 March 2021 £'000	31 March 2020 £'000
Services provided and management charges raised by the Company to its subsidiaries:		
OTAQ Group Limited	**500**	–
	500	–

	31 March 2021 £'000	31 March 2020 £'000
Amounts owed to the Company by its subsidiary:		
OTAQ Group Limited	**517**	1,500
	517	1,500

	31 March 2021 £'000	31 March 2020 £'000
Amounts owed by the Company to its subsidiary:		
OTAQ Group Limited	**–**	417
	–	417

10. Commitments and contingences

Capital commitments

There were no capital commitments at 31 March 2021 and 31 March 2020.

Contingencies

There were no contingent liabilities at 31 March 2021 and 31 March 2020.

11. Capital risk management

The company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required.

The capital structure of the Company consists issued capital, share premium, reserves and retained earnings, all as disclosed in the statement of changes in equity. The Company is not subject to externally imposed capital requirements.

12. Financial instruments – classification and measurement

Financial assets

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

	31 March 2021 £'000	31 March 2020 £'000
Amounts due from subsidiaries	**517**	1,500
Cash at bank and in hand	**2,722**	2,602
	3,239	4,102

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other creditors and intercompany payables as follows:

	31 March 2021 £'000	31 March 2020 £'000
Trade payables	**55**	59
Amounts due to subsidiaries	**–**	417
	55	476

13. 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.

(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 these financial statements 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 Company manages all of its external bank relations centrally. Any material change to the Company's principal banking facility requires approval by the board. The cash requirements of the Company are forecasted by the board annually.

The Company is not dependent on any external borrowings. At the reporting date the Company was cash positive.

13. Financial risk management continued

(b) Liquidity risk continued

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 March 2021 £'000	31 March 2020 £'000
Trade and other payables		
Less than 2 months	**55**	476
Total	**55**	476

(c) 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 has no trade receivables and its exposure to credit risk is limited only to intercompany debtors and cash equivalents.

(d) Currency risk

The Company exposure to any currency risk at present is minimal.

(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.

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