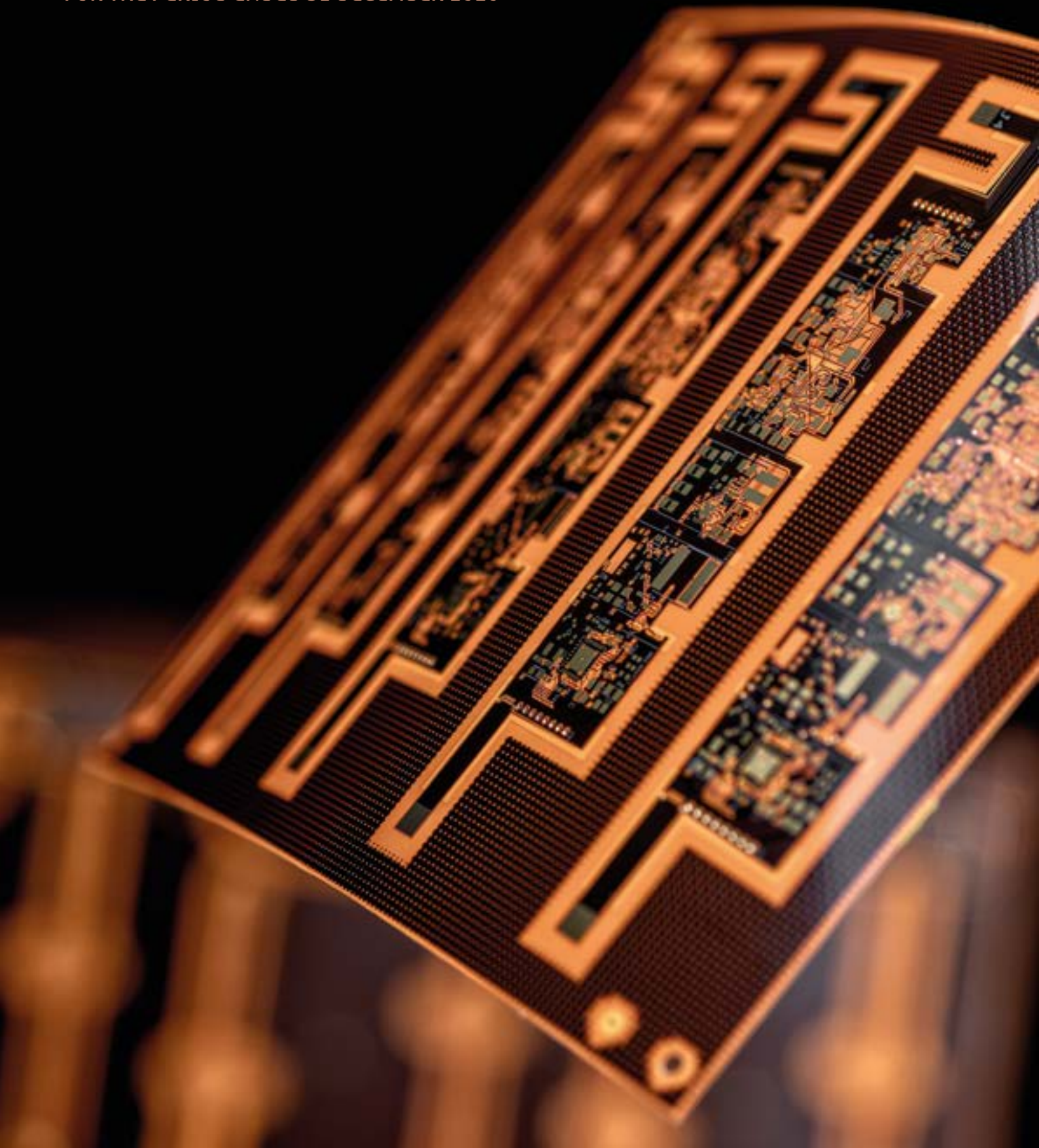


## **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2020**





1 APRIL 2020

**SUCCESSFUL ACQUISITION OF STEVENAGE CIRCUITS LIMITED**

# Trackwise Designs plc

## Annual Report and Consolidated Financial Statements

### For the year ended 31 December 2020

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**TRACKWISE**  
CONNECTING TECHNOLOGY

Registered in England and Wales, Registration no: 3959572

Registered office: 1 Ashvale, Alexandra Way, Ashchurch, Tewkesbury, Gloucestershire, England GL20 8NB





## CONNECTED TECHNOLOGY

**Operating & Strategic Highlights**

- Significant multi-year series production order won
- Successful acquisition of Stevenage Circuits Limited
- Two successful fund-raises in the year
- Successful over subscribed placing to fund new production facility
- Completed transfer of RF business to Stevenage
- Ashvale site ready for IHT dedicated activity

**Financial Highlights**

- Revenues increased by 109%
- Net cash at year end £11.35M
- Profit after tax £1. 2M (2019 Loss £48K)
- EBITDA £773K (2019 £573K)
- Fully diluted eps 5.70p (2019 loss per share 0.32p)
- Equity raised in the year £18.5M

**Post Period End**

- Acquisition of IHT dedicated property in south Gloucestershire for £2.8M
- Appointment of Chief Operating Officer
- Investment in new capacity, £3M of deposits placed





Ian Griffiths  
Non-Executive Chair

## Chair's Statement

### Dear Shareholders

### Delivering progress on our strategy

The period under review has been one characterised by uncertainty and challenging economic conditions, but despite this we are pleased to report on significant strategic progress across both our Improved Harness Technology™ (IHT) and Advanced PCB divisions during the year with notable successes.

We have achieved an exceptional level of acceptance for IHT and we are seeing an ever-increasing pipeline of opportunities across our target markets. We continue to make significant steps to accommodate the ramp up in IHT production at Ashvale, alongside putting the steps in place to establish a dedicated IHT high-volume low-mix IHT production facility.

Following the acquisition of Stevenage Circuits Ltd (SCL), we have consolidated our non-IHT manufacturing into what is now referred to as the Advanced PCBs division, with our reach extended through SCL's existing customer base.

These strategic achievements have solidified the foundations for further growth, and underwrite the medium term performance to which I referred last autumn. We are grateful for the support we have received from our shareholders in enabling us to develop our strategic initiatives.

### 2020 Performance

Trackwise has not been immune to the consequences of trading headwinds, which impacted both our suppliers and our customers. The effects of lockdowns in the UK, France and Italy in particular hindered the installation of new equipment at our Ashvale site which, in turn, has resulted in slower output of IHT.

I am pleased to report the operational issues we faced have now largely been resolved, and these, should not detract from the significant progress the business made in the year. In a space of a few months, supported by two equity raises, we completed the acquisition of SCL, expanded and optimised our manufacturing capacity and capability across our estate, and signed an agreement with an electric vehicle OEM. The contract is not only transformational for the Group's medium-term prospects, but is reflective of the huge opportunity ahead as a wide range of forward-thinking companies look for space-saving, weight-reducing and environmentally-friendly parts for their products.

While our IHT facility in Tewkesbury and Advanced PCB facility in Stevenage both suffered revenue losses as a result of COVID-related disruption, through careful monitoring and swift, decisive action we have successfully limited the impact to our bottom line.

### Board, Senior Management and Employees

In June 2020, we announced non-executive director and chair of the audit committee Lesley Jackson would not be seeking re-election at the 2020 AGM following completion of the full term of her contract.

At the same time, we were pleased to appoint Charles Cattaneo and Susan McErlain to the Board as non-executive directors. Charles succeeded Lesley Jackson as chair of the audit committee and Susan stepped into the role of chair of the remuneration committee.

I would like to reiterate my gratitude to Lesley for her valuable contributions to Trackwise and wish her the best in her future endeavours.

The safety of our staff has remained our priority since the onset of the pandemic. In line with UK government guidelines, we have taken significant steps to protect our teams from the impact of COVID-19 across both our sites. I would like to thank all of our staff for their continued hard work and dedication in a difficult year.

## Dividend

The Board does not recommend the payment of a dividend and in line with the previously stated policy and reaffirms the intention to pay a progressive dividend only once the Group has demonstrated the establishment of the interconnector technology as a stable revenue generator.

## Our impact on society

We are pleased, for the first time, to be reporting in detail on our ESG impact and the measures we have introduced, demonstrating our commitment to acting responsibly and contributing to a sustainable future. Further information on the Group's impact on society can be found in our ESG engagement report on page 16.

The benefits and relevance of our IHT product to the sustainability agenda are clear and we are confident it will play an important role in helping our customers meet their own carbon reduction goals in the future.

## Looking ahead

Uncertainty in both the global and UK economies has persisted into 2021 and this is likely to continue in the near term despite positive news around the Covid-19 vaccine rollout and, as a result, we do not expect to see any immediate changes to trading conditions in the short term.

However, with the strong prospects for growth in our IHT division and solid foundations through our Advanced PCBs division, the Board remains encouraged by the medium-term and long-term outlook as set out at the time of our equity raise in the autumn of 2020, and looks forward to reporting on further progress in due course.

**Ian Griffiths**  
**Non-Executive Chair**  
**22 June 2021**



Philip Johnston  
Chief Executive Officer

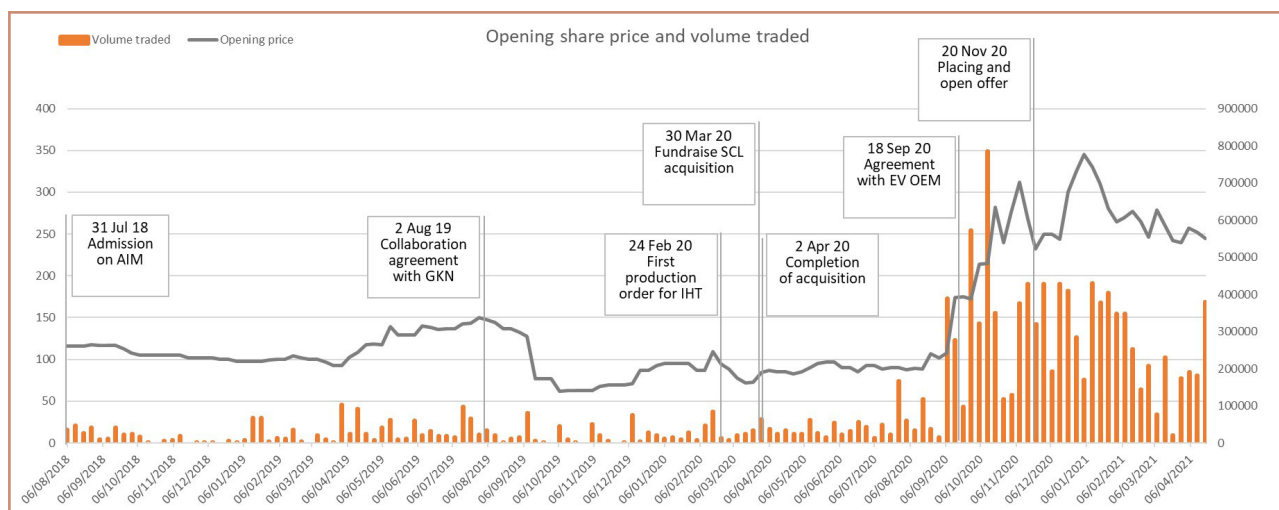
## Chief Executive's Review and Strategic Report

### A transformational 12 months

Despite the adverse operational impacts of Covid-19, it has been a transformational 12 months for Trackwise, and the recent major agreement with an Electric Vehicle manufacturer demonstrates the significant traction our Improved Harness Technology™ is gaining in the market. It is our firm intent that this is just the start.

We are delighted by the support shown by new and existing investors, providing us with the means to deliver against our growing pipeline of revenue opportunities across our primary target markets of EV, Medical and Aerospace, thereby maximising our long-term growth potential.

### Share price performance since IPO



This was a very successful year at a strategic level – with two fundraises, the acquisition and integration of Stevenage Circuits Limited and the signing of the transformational multi-year production deal with the UK EV OEM. At an operational level, 2020 was a challenging year due to Covid-19 impacts on our customers, our suppliers and ourselves, but we successfully navigated the challenges and ended the year on a sound footing, with an enlarged operation, growing customer base and well-capitalised business.

I would very much like to thank all of our stakeholders, our supportive shareholders, both new and existing, our customers and suppliers – and above all our staff. As manufacturers we have largely been unable to work from home and therefore have had to deal with the risk and uncertainty of coming to work every day throughout the pandemic. This has not been easy, but the challenge has been met collectively with stoicism and understanding: Thank You.

### Covid-19

While seeking to continue operations as normally as possible, the safety and welfare of all staff has been our utmost priority. We have followed government guidelines throughout.

The internal changes that we had to make, in order to minimise risks while continuing operations, have decreased our efficiency and increased costs of working, but the more significant Covid impacts have come from external sources – from our suppliers and customers.



While the wider supply chain continued to operate more-or-less normally through the pandemic, Trackwise took delivery of a key piece of capital equipment from a French supplier, just as the first lockdown was put into place. This resulted in the installation and commissioning of the state-of-the-art roll to roll direct imaging (DI) machine, the first of its kind made by the supplier, falling onto Trackwise – assisted only remotely by the French supplier. Given the complexity of the equipment and the challenging products that Trackwise is seeking to manufacture on it, this turned out to be a time consuming and resource intensive exercise. While the delays in commissioning this key equipment resulted in increased costs of working and delays in product development, I am pleased to advise that the equipment is now fully commissioned and functioning as planned. It is a very performant piece of equipment and we are discussing with the supplier the specification for a further machine to be installed in our new site, the details of which are outlined in the strategic focus section of this review.



The impacts of Covid upon markets and customers is addressed further below but, as a very general overview, managing existing relationships has happened satisfactorily, whereas establishing or progressing new relationships has been less easy, and subject to delays.

Covid is an additional risk the company now has to factor and I would draw your attention to the Risk review on page (29) and in particular the heightened attention the Board is giving to certain areas, cybersecurity, customer concentration, the impact of Covid and the risks associated with the establishment of our new site at Stonehouse.

### Stevenage Circuits Ltd



In April 2020 we were pleased to advise of the completion of the acquisition of Stevenage Circuits Ltd (SCL) and again we thank our existing and new shareholders who supported us in our March 2020 fundraise at a very difficult time in the financial markets.

SCL is an established manufacturer of a full suite of Advanced PCBs (Microwave and RF, Short Flex, Flex Rigid and Rigid multilayer products) and complements well the existing capabilities of Trackwise.

We are delighted with the acquisition – we have gained an experienced and motivated team with a good reputation, serving a broad customer base. I would personally like to

acknowledge our CFO Mark Hodgkins' significant contribution to this transaction; bringing the full benefit of his extensive M&A experience to acquire a good business at a good price.

The prospect and process of acquisition is always a period of uncertainty for the acquired company – especially the employees – but they have responded brilliantly to being part of a growing public group after two generations of family ownership. With Covid and Brexit landing in the same year as the acquisition, it has been a challenging year for all at Stevenage Circuits Limited.

I would like to thank very much the senior management team and all staff at SCL for their hard work and positive attitude in this year of significant challenge and change.

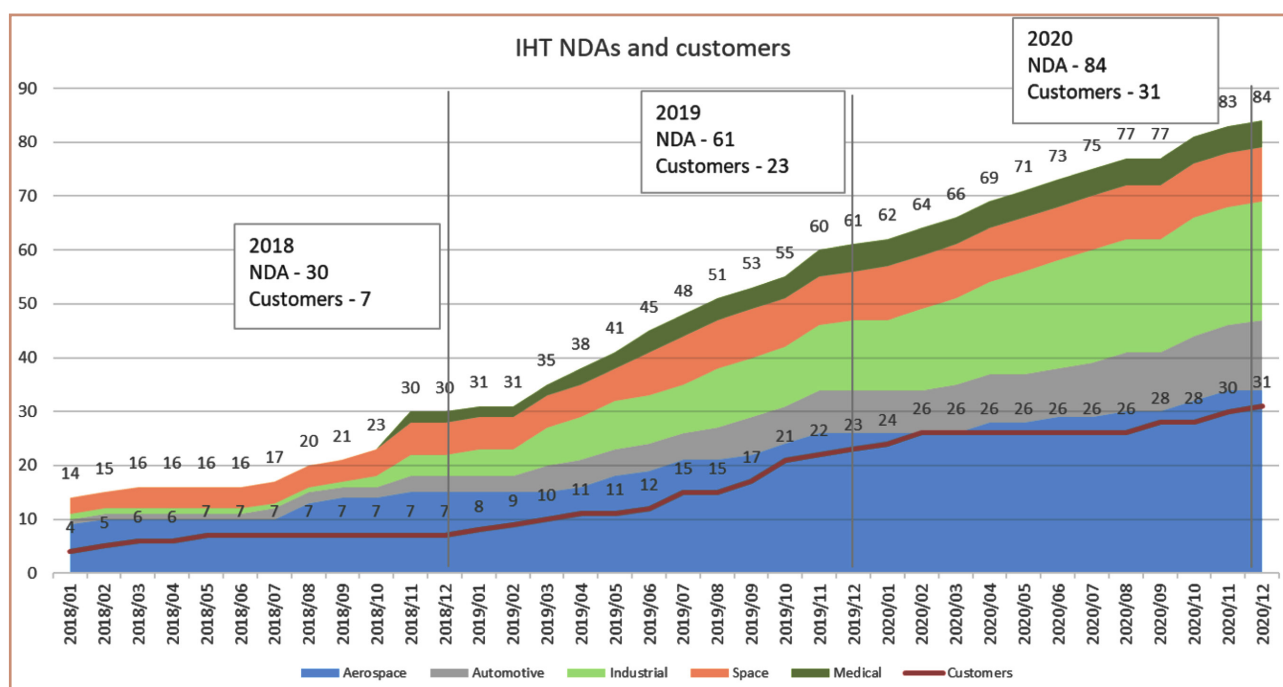
Since the acquisition – and despite Covid constraints – we have successfully integrated the two businesses and completed the transfer of non-IHT (RF) manufacturing from Ashvale to the Stevenage site. The reorganisation fulfils our strategic plan whereby Ashvale is dedicated to being an engineering led, product development, new product introduction facility for Improved Harness Technology™, the long-term growth driver in the business. We are looking forward to driving forward the group – significantly strengthened by the SCL acquisition.



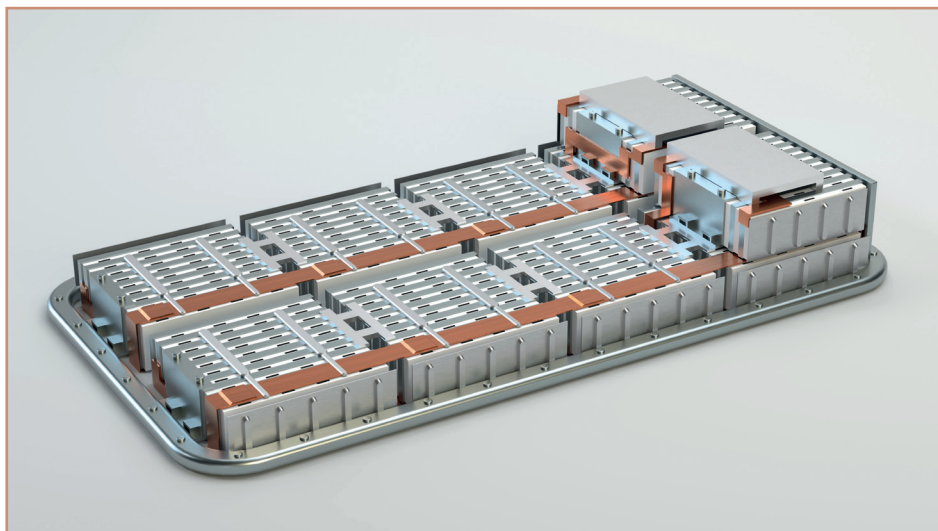
### Improved Harness Technology (IHT)

There has been significant and sustained growth in all three key verticals during 2020. 23 NDAs (Non-Disclosure Agreements) have been signed - 8 Aerospace, 5 Automotive, 9 Industrial, 1 Space – demonstrating there is keen interest for IHT across the board. Of these, 6 have already converted into customers bringing the total number of IHT customers to 31 at the year end.

In the first five months of 2021 there have been three new Medical companies sign NDAs and one already converted to a customer.



## Electric vehicles (EV)



Improved Harness Technology™ enables flexi circuits to connect together individual cells to form battery modules in an electric vehicle

Trackwise announced in September that it had secured a multi-year Product Manufacture and Supply Agreement with a UK EV OEM. This is a transformational deal.

The OEM is building electric vans and buses – as well as other commercial vehicles. All of these vehicles are based around a common core High Voltage Battery Module (HVBM) into which Trackwise is providing two key components, a power flex – connecting all of the cells for primary power collection and a balancing flex, part of the essential battery management system. These are roughly one foot square parts – manufactured in rolls – using our IHT-enabled manufacturing know-how. We are also supplying vehicle level parts into the Bus, with parts for further vehicles under discussion.

The OEM is to build its vehicles in modular microfactories rather than a single centralised location – these are relatively small 100Ksqft modular facilities built close to the end-customer.

Trackwise has done very well to secure this landmark contract with a world-leading UK OEM. With its roll out of microfactories globally, the OEM's demand for these parts is going to be significant.

There is a wider opportunity in the developing UK & European EV supply – the output of any UK Gigafactory will need to be built into UK battery modules, UK battery packs and UK EVs.

Trackwise is very well positioned – both with key technology and with first mover advantage – to capitalise on this wider opportunity. There is a strong drive to build a UK EV supply chain and our UK EV OEM contract win has greatly raised Trackwise's profile in the industry.

It is clear that the rapidly emerging EV sector is a key growth opportunity for Trackwise and IHT.





## Aerospace

Covid has had a very significant impact upon the global aviation industry with a huge drop-off in air travel; the International Airport Transport Association (IATA) predicts the UK aviation industry faces a loss of revenue of up to £20 billion in 2020. We will have to wait to see what shape of industry emerges from this huge shock – for example the demise of larger aircraft, not just the Boeing 747 and Airbus A380, but perhaps also twin-aisle aircraft as a whole. However, what is certain is that the industry is also facing substantial pressure to grow back greener and address sustainability along the whole aviation value chain.

Even before the pandemic the UK aviation industry has pledged to cut its net carbon emissions to zero by 2050. In any mobile application weight = fuel = cost = carbon and the weight reduction opportunity offered by IHT is a key enabler for OEMs to realise their ambitions in these rapidly changing markets where carbon reduction is a strategic necessity.

We are working with a significant number of participants working towards zero-emission aircraft and note the recent announcement by Airbus of their ZERO-E concepts. Whilst zero-emission commercial aircraft might seem a far off prospect our development work with GKN (where we announced a Collaboration Agreement in August 2019), is also targeted at more-electric aviation – the evolution of existing platforms to improve the efficiency of current aircraft.

GKN's parent company, Melrose plc, remains committed to industrialising the wing de-icing and air inlet scoop products on which we are cooperating. After several years of earlier development work Trackwise signed an Industrialisation Agreement with GKN in 2019; this Industrialisation represents the final step prior to entry into service.

This development (a consortium lead by GKN Aerospace) is receiving UK plc support; in the second half of our 2020 financial year Trackwise received confirmation of an InnovateUK grant, a £770K contribution towards taking IHT to 'TRL6' – a technology readiness milestone that effectively enables the product to be sold into mainstream programmes. GKN Aerospace, through Fokker Technologies, is a leading player in design, manufacturing and support for the electrical wiring interconnection systems (EWIS) for Aerospace and Defence programmes. This development work is not recognised as revenue in the accounts but represents 'income' of £70K in 2020, with budgets of £150K for 2021 and £350K for 2022.

Aside from GKN, Trackwise is working with a very wide and growing portfolio of world-leading aerospace innovators on next-generation products; of UAM - 'flying taxis', business jets, high altitude pseudo-satellites.

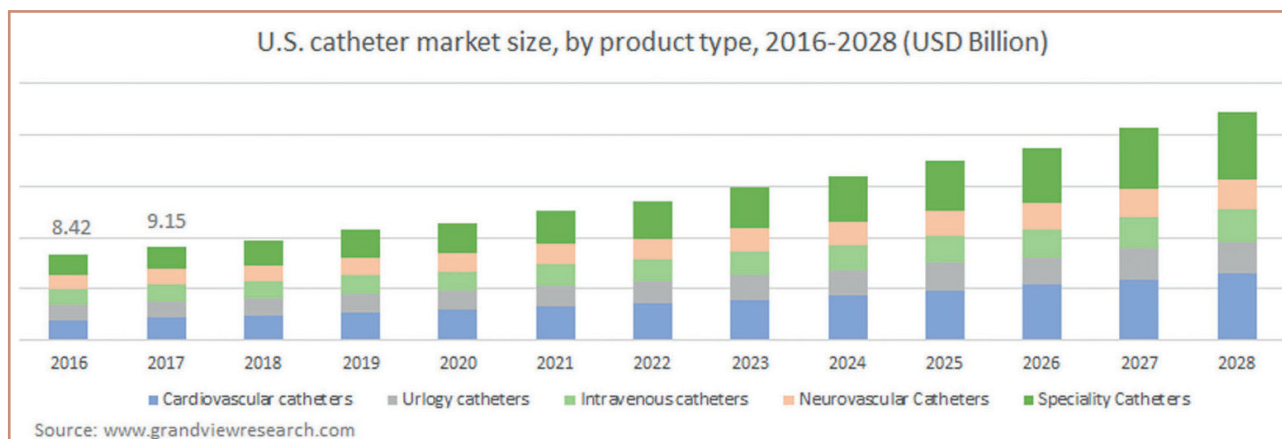
For all of these OEMs and Tier 1 or Tier 2 suppliers, IHT benefits of reduced weight and reduced space are key attributes for delivering their objectives for emission-reducing aircraft.

While current and near-term revenue will remain developmental in nature, a clear path to production programmes is emerging. Several programmes are indicating an entry into service in 2-3 years. Trackwise and IHT must be ready for these customers – and for this reason the timely progression of IHT to TRL6 is key.

## Medical

IHT's use in medical catheters is a large scale opportunity. Essentially Trackwise and IHT can provide long, narrow flex PCBs to replace multiple micro-wires, very small gauge wires that are currently used to connect remote (distal) electronics through the patient and out to the surgeon. These micro-wires are difficult to handle and assemble quickly and reliably into finished catheters. The improvement therefore offered by IHT is largely ease of manufacture.

While far from all catheters embody distal electronics, the image here shows the very large size, and rapid growth of the US catheter market.



The period under review saw delays, due to DI commissioning delays, but good progress in developing IHT for medical catheter applications, intravascular ultrasound and electrophysiology.

These are challenging products to manufacture – large format (up to several metres in length), narrow (only a few mm in width), very fine circuit features (down to 40um), novel substrates, demanding surface finish requirements – but IHT capabilities are fully suited to these demanding products and multiple samples for multiple different products have been delivered to US and EU OEMs.

Our current focus is to support OEMs as they progress these products through their design verification phase and into production.

Marketing efforts continue to promote IHT capability to catheter manufacturers worldwide; including Trackwise's white paper 'IHT Technology Ready to Enable the Next Generation of MIS Instruments'.

## Industrial, Scientific & Space

While our focus remains on our three core verticals – IHT has application across a very wide range of markets and applications. Our CERN contract for the Large Hadron Collider HiLumi upgrade has been successfully completed during the period but I highlight here three interesting IHT customers that reflect the diversity of opportunity. These are just a few highlights of many:

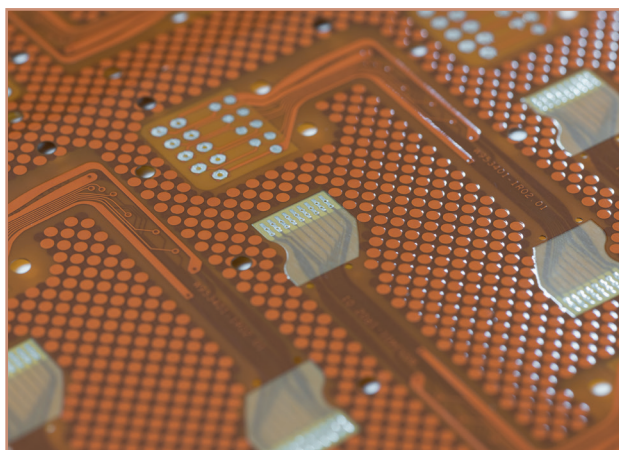
- Nuclear fusion; IHT parts being supplied to a UK OEM without question represent the largest multilayers ever made – a capability directly enabled by the investments made since IPO. Our customer recently presented their technology at the Applied Superconductivity Conference and all of the questions were regarding the part supplied by Trackwise. We are currently supplying parts into their latest reactor build; a £250K contract. Revenue will remain lumpy – but is expected to grow by orders of magnitude as they move towards their goal 'To generate clean and abundant fusion power by 2030.'
- Oil pipeline leak detection; our first application for long PCBA – assembled PCBs.
- Advanced motor windings; a quote from our customer states 'Constructed from flexible printed circuits, the motors can be up to 50% more compact, 70% more dynamic, with 3 times fewer heat losses and assembled 10 times faster than most of the existing solutions using conventional windings made from copper wire.' This has the potential to be a very large scale opportunity.

## Advanced PCBs

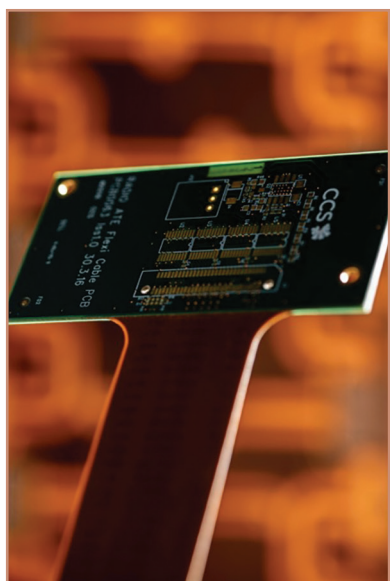
While SCL has been under Trackwise ownership for only nine months of the period, we have completed the transfer of RF manufacturing from Ashvale to Stevenage and the Stevenage site now manufactures all of the group's non-IHT products, together labelled 'Advanced PCBs'.

SCL is an established manufacturer of a full suite of Microwave and RF, Short Flex, Flex Rigid and Rigid multilayer products, for a very wide range of customers – serving a very wide range of industries.

Given this breadth of supply, a concise market assessment is not straightforward – particularly when sales to intermediary companies are considered; PCB 'buyers', who sit between customers and the supply chain.



The 2020 top three customers, together represent 36% of the advanced PCB division's full year revenues:



- **ION Science Ltd:** ION Science has over 30 years of industry experience designing, manufacturing, and supplying gas sensors, gas detection instruments, and leak detectors for a wide range of industries and applications. SCL business with ION Science grew in 2020 and is expected to grow further in 2021.
- **Qualcomm Technologies International Ltd:** Sales to this global telecommunications customer were broadly flat in 2020.
- **Fineline QPI BV:** Fineline Group was established after a merger between Fineline GmbH (est. 1991) and Aviv PCB & Technologies (est. 2002) in 2007. Fineline is a worldwide provider of Printed Circuit Boards (PCBs) with local presence in 40 locations and 250+ employees. SCL supplies their Netherlands business with Advanced PCBs for Medical and Scientific customers. SCL business with Fineline QPI grew in 2020.

There are some global shortages of (Dupont) PCB copper clad laminates and our major customers (CEMs) are seeing component lead-times increasing, which is causing some short term delays to business opportunities. We are working closely with our customers to manage this situation.



## Strategic focus for the year ahead

Ashvale was always intended as an engineering led, product development, new product introduction facility and with the acquisition of Stevenage Circuits Limited and the transfer of RF production to Stevenage, Trackwise has secured additional capacity. The focus of the development team is to continue to bring the myriad of IHT developments through to production.

The scale of the UK OEM EV contract, and the wider supply chain opportunities, means that we have had to secure additional manufacturing capacity. Executing plans for the new facility is the key strategic task for 2021.



We identified a new manufacturing facility, close to Tewkesbury.

This plant will implement a scaled-up version of the roll to roll manufacturing capability developed and qualified in Tewkesbury in a set up arranged for high volume, low mix – rather than the low volume, high mix in Ashvale.

Planning for the new facility is well underway; we have secured the services of an interim project management team to assist with detailed planning and execution of the new site; quotes and confirmed lead times for long lead capital items have been secured; and we have recently hired a Chief Operating Officer. Steve Hudson's priority will be to pick up planning, implementation of the new site from the interim team – leading it through to commissioning and transfer of production from Ashvale, before moving 'up' to a group operations role, overseeing the three group manufacturing sites.

While the UK OEM EV does deliver upon its global ambitions, its global demand for HVBM flex PCBs will rapidly exceed the output of the new facility. The strategic intent is that the new facility is the blueprint for future production plants – located wherever in the world they may be needed.

## PLANNED PCB ASSEMBLY LINE



## Carbon

As part of a growing acceptance that we all need to take our part in reducing the carbon impact of our ongoing operations, we report this year for the first time our Operational Footprint. Measurement is an important precursor to reduction – ‘what gets measured, gets managed’ – and future reports will identify progress towards reducing the carbon impact of our operations.

Two out of our three primary target markets – EV and Aerospace – are undergoing fundamental change (the UK aviation industry has pledged to cut its net carbon emissions to zero by 2050) and the weight reduction opportunity offered by IHT is a key enabler for OEMs to realise their ambitions in these rapidly changing markets where carbon reduction is a strategic necessity.

We continue to market Improved Harness Technology™ as a carbon reduction technology.

## Current trading and outlook

The impact of the Covid pandemic has affected global economic activity, leading to a slow-down in investment activity across our markets. However, we are seeing a growing number of IHT enquiries and have converted an increasing number of those enquiries into customers which supports our growing confidence for the future.

What has become clear during the early part of 2021 is evidence of increasing supply chain stress, with increased prices and lengthening delivery timescales for a number of key raw materials. Sales have not been lost but this is impacting our ability to complete some orders on a timely basis in both our Advanced PCB and IHT divisions.

We have continued to work with our UK EV OEM customer on development improvements to the products we will be producing for them. As a result, it is now anticipated that our volume production, initially expected towards the end of 2021, will begin in early 2022.

Combined, these factors above will have an impact on revenues in 2021, although some will be offset by new business from other smaller customers as well as a continued focus on cost controls.

We are making progress with preparing our new manufacturing facility, with fit out underway and long lead capital items ordered, and we are confident that this plant will be ready for manufacture of the expected volumes. Capacity is being implemented in the new manufacturing facility in excess of the UK EV OEM forecast volumes and the layout accommodates planning for future capacity expansion that can be implemented in the event of future contract wins.

Trackwise's active discussions with a number of EV OEMs and Tier 1 suppliers supports our belief that flex PCBs will be adopted widely as a solution for battery module and battery pack interconnect across all cell formats and we are confident of strong future activity in this sector, as well as in our other markets.

**Philip Johnston**  
**Chief Executive Officer**  
**22 June 2021**

## 72 metre long 3 layer circuit



The above image shows the Trackwise team with the largest circuit manufactured to date, a 72 metre long 3 layer circuit for a nuclear fusion customer.

Our progression in delivery of length-unlimited: 10m [12/2016], 25m [1/2019], 50m [8/2019] and now 72m [6/2021], is testament to the investments made and the hard work of our development team, led by Mike Prosser – at the centre of this image.

We know of no other manufacturer in the world capable of delivering such a product.

## Environment/Carbon Footprint Report

Care for the environment is an integral part of the Group's business activities.

Trackwise recognises that its operations result in emissions to air and water, the generation of waste and consumption of natural resource and therefore realise the importance of environmental protection. Trackwise has implemented an environmental management system (accredited to ISO14001 since 2001) and is committed to operating its business responsibly and in compliance with all environmental regulations, legislation and approved codes of practice relating to its industry and activities.

As part of the process of continuous improvement of environmental performance, Trackwise has, for the first time, calculated and reports here its greenhouse gas (GHG) emissions.

### Methodology

Trackwise has calculated its GHG emissions in accordance with internationally accepted approaches, including the Greenhouse Gas Protocol and ISO14064.

GHG figures for Ashvale (Tewkesbury) and Stevenage sites are analysed and reported separately, so that tailored action can be taken to reduce the impact of each site.

Standard carbon emission factors for particular activities or sources, published annually by the Department of Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA) have been referred to. For electricity the assessment considers both location-based emission factors (i.e. UK national averages), and market-based factors (based on emission factors reported by the contracted electricity supplier).

- Scope 1 emissions occur from sources that are owned or where Trackwise has operational control.
- Scope 2 includes indirect emissions from consumption of purchased electricity at facilities owned or controlled by Trackwise.
- Scope 3 emissions include other emissions that occur within Trackwise's value chain. The Greenhouse Gas Protocol identifies 15 different categories of emission in the Scope 3 value chain, both upstream and downstream of the reporting organisation. Not all categories are applicable and relevant to every organisation and therefore Trackwise reports those which are material to operations, including water usage, employee commuting data and waste data.

### Data

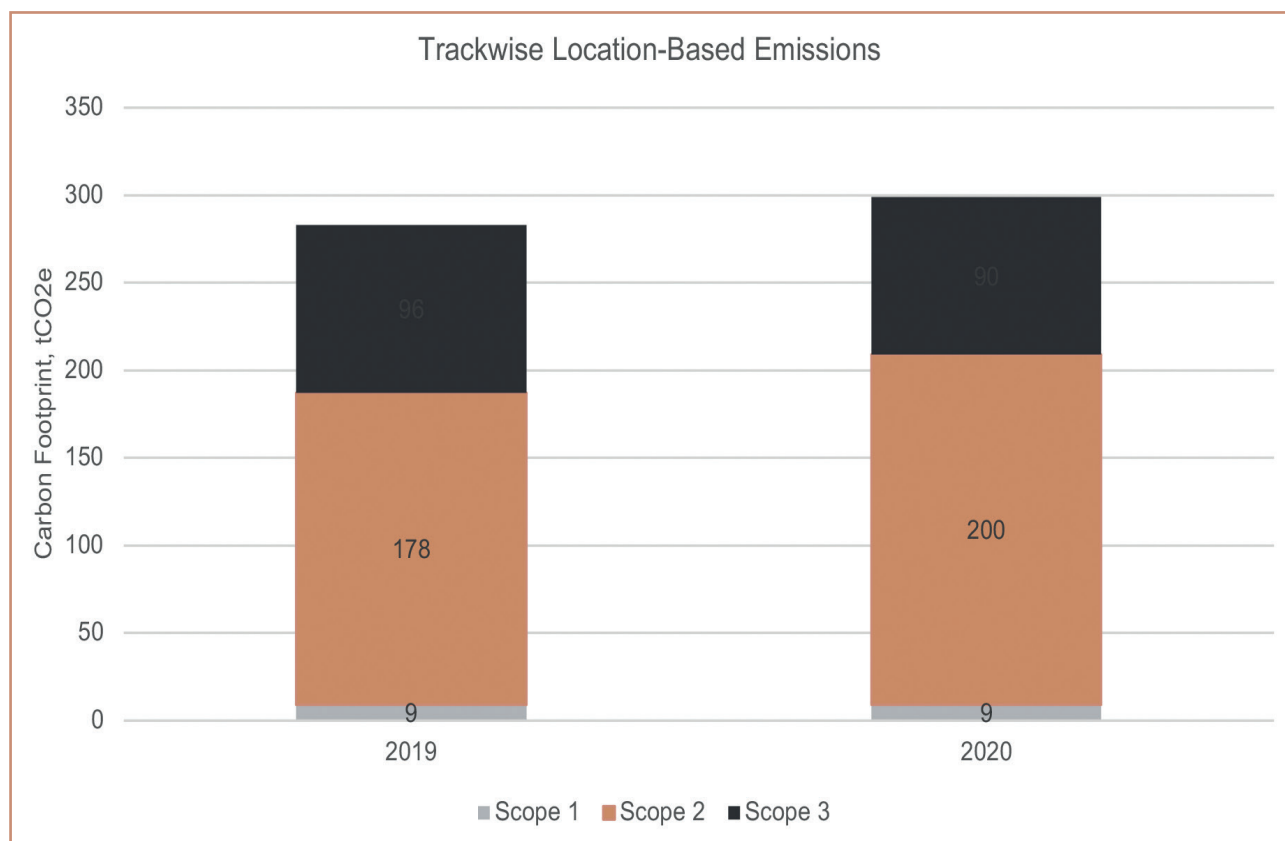
#### ASHVALE

Source	Total GHG tCO <sub>2</sub> e			
	2019		2020	
	Location-based	Market-based	Location-based	Market-based
<b>Scope 1</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Scope 2</b>	<b>178</b>	<b>245</b>	<b>200</b>	<b>282</b>
<b>Scope 3</b>	<b>96</b>	<b>96</b>	<b>90</b>	<b>90</b>
Water Usage	5	5	5	5
Employee Commuting	75	75	57	57
Waste	16	16	27	27
<b>Total</b>	<b>283</b>	<b>349</b>	<b>299</b>	<b>380</b>
<b>tCO<sub>2</sub>e/£m</b>	<b>97</b>	<b>120</b>	<b>134</b>	<b>171</b>

The total location-based carbon footprint for 2020, based on the defined scope, was calculated to be 299 tonnes CO<sub>2</sub>e, with an intensity ratio (emissions per £m turnover) of 134 tCO<sub>2</sub>e/£m.

That the Market-based Scope 2 values are greater than the Location-based values indicates that there exists potential to reduce GHG emissions through sourcing energy from a source with lower emission rates; see 'Actions' below.



**STEVENAGE**

Source	Total GHG tCO <sub>2</sub> e	
	Location-based	Market-based
<b>Scope 1</b>	<b>17</b>	<b>17</b>
<b>Scope 2</b>	<b>603</b>	<b>717</b>
<b>Scope 3</b>	<b>81</b>	<b>81</b>
Water Usage	8	8
Employee Commuting	47	47
Waste	26	26
<b>Total</b>	<b>701</b>	<b>815</b>
<b>tCO<sub>2</sub>e/£m</b>	<b>131</b>	<b>153</b>

The total location-based carbon footprint for 2020, based on the defined scope, was calculated to be 701 tonnes CO<sub>2</sub>e, with an intensity ratio (emissions per £m turnover) of 131 tCO<sub>2</sub>e/£m.

**Actions**

Over the next year Trackwise will look to take the following actions:

- Widening the scope of the footprint to include additional activities beyond the direct control of Trackwise (i.e., Scope 3 emissions), but that may benefit from being accounted for by way of their potential material significance to Trackwise. This may include supplier engagement, raw material and component specification, manufacturing methodologies, potential impact of product during its usage phase, management of end-of-life (such as reuse, recycling, and disposal).

- Investigation of different electricity tariffs; carbon emissions from electricity accounted for approximately 67% of Trackwise's overall carbon footprint in 2020. Further opportunities for energy reduction, particularly electricity, are being investigated currently through two parallel work streams, a process flow review and a mass and energy balance.
- Engagement with staff regarding commuting. Consider ways to reduce reliance on single-car occupancy vehicles. Implement incentives encouraging forms of active travel or switching to zero emission vehicles, including potential provision of workplace charging for electric vehicles. It is acknowledged that public transport may in the short to medium term be a less favourable travel option as a result of the Covid-19 pandemic.
- Establish a strategy towards becoming carbon neutral – adopting an approach that invests in third-party projects that capture and or prevent carbon emissions from occurring.

### Improved Harness Technology™

Improved Harness Technology™ or IHT has been developed as a replacement for conventional wire harness – with the main benefits or improvements of reduced weight and space.

In any mobile application weight = fuel = cost = carbon

Two out of our three primary target markets - EV and Aerospace - are undergoing fundamental change:

- Automotive: Regulatory change driving EV adoption. The UK has announced the end of the sale of new petrol and diesel cars in the UK by 2030.
- Aerospace: The UK aviation industry has pledged to cut its net carbon emissions to zero by 2050

The weight reduction opportunity offered by IHT is a key enabler for OEMs to realise their ambitions in these rapidly changing markets where carbon reduction is a strategic necessity. We continue to promote the weight and therefore carbon-saving potential of IHT.

## Corporate and social responsibility report

### Code of business conduct

Trackwise's Code of business conduct sets out the values and standards of behaviour expected from all employees and also deals with how employees and business partners can report any concerns that may arise.

We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

The Code promotes corporate social responsibility across the business. It sets out the responsibilities of employees in ensuring that they carry out their business activities in a manner aligned with the Group's values and business principles. All staff are required to ensure that they comply with all relevant laws and regulations. The Code sets out behaviours that are unacceptable and which could bring Trackwise Designs plc's reputation into disrepute. It contains guidance on avoiding conflicts of interest, confidentiality, our approach to gifts and hospitality, bribery and corruption.

Upholding the Code is the responsibility of all Trackwise Designs plc employees. All those working for, or on behalf of, Trackwise Designs plc are required to confirm that they have read and understood the Code of business conduct, and a copy is readily available to all employees.

A confidential reporting line has been set up as part of our Whistleblowing policy via "SeeHearSpeakUP". Employees are able to report any wrongdoing via phone, email, or an online portal, completely confidentially.



## Dealings with customers

We work closely with customers and prospects to help us improve the value that we can add to their businesses through our products and services and in the manner that these products and services are delivered.

We are open and honest about our products and services, communicating with customers all appropriate information that they need in order to ensure that we consistently meet their expectations;

We seek regular feedback from our customers as to our performance against their expectations and against the benchmark performance of our competitors, so as to help us to continue to deliver continuous and sustained improvement; We ensure that any issues or problems are dealt with in a timely manner, openly, efficiently and with fairness.

## Dealings with suppliers

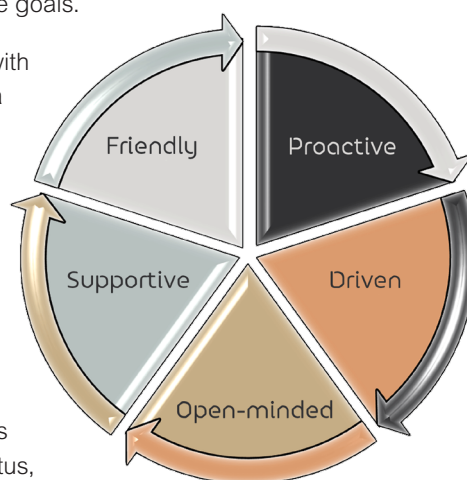
We recognise that we cannot deliver our products and services without a functioning and sustainable supply chain. We work with our suppliers to improve the value of the products and services that they deliver to us and thereby to improve the value of the products and services that we offer to our customers. We identify and select suppliers to work in partnership with Trackwise using fair and reasonable methods. We identify and work only with suppliers who operate to ethical business standards.

## Our relationships with our employees

Our success depends on our people. Trackwise recognises the vital role that our employees play, and that effective teamwork is critical for us to achieve our corporate goals.

We ensure that our employment practices are fair and in full compliance with UK employment legislation. We strive to make Trackwise Designs plc a “great place to work” where our actions demonstrate this via values that the team deliver each and every day. These values ‘Proactive, Driven, Open-minded, Supportive, Friendly’ are available to all on our website <https://www.trackwise.co.uk/about-us/core-vision-mission-and-values/> and are promoted to all staff as part of our day-to-day management of the business. No new member of staff is recruited without having read our values booklet and agreeing to work in accordance with those values.

We maintain equality of opportunity in all employment practices, policies and procedures regardless of race, nationality, gender, age, marital status, sexual orientation, disability and religious or political beliefs. We recognise the importance of a healthy age balance within the business and maintain succession plans for all business units, identifying and investing in future leaders. We continue to invest in apprentices, to provide work experience opportunities for school age and undergraduate learners, and also to participate in government schemes such as Kickstart UK.



## Confidentiality

Our Code of business conduct emphasises the need for confidentiality to be maintained in all of our business activities. Our policy and practices help to ensure that all staff understand what constitutes confidential information and restricts internal access based on a “need to know basis”. Information relating to third parties is not disclosed without the third parties’ written consent.

## Bribery Act

We implement and enforce effective systems to uphold our zero tolerance approach to bribery and corruption. To ensure that we only work with third parties whose standards are consistent with our own, all third parties who act on behalf of Trackwise are obliged by written agreement to comply with the standards set out in the Code.

## Human rights

Trackwise Designs plc is committed to respecting the human rights of all those working with or for us. We do not accept any form of child or forced labour and we will not do business with anyone who fails to uphold these standards.

## Modern slavery

Trackwise has developed and implemented policies to comply with the requirements of the UK's Modern Slavery Act 2015.

Trackwise Designs plc has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all of its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its business or in any of its supply chains.

## Health and Safety

Trackwise Designs plc places health and safety at the core of all business activities in order to ensure a safe working environment for everyone involved in the business. As a corner stone of our business operations Health and Safety reporting is a standing item on the local management teams and Board agendas. All employees are encouraged to take an active role in ensuring that our working environment is a safe place to work and visit by actively reporting all safety observations and incidents, being involved in safety audits, risk assessments and regular awareness training sessions.



Mark Hodgkins  
Chief Financial Officer

## CFO Review

The strategic and operational progress reported, is also reflected in our financial position. During the year we completed two equity raises with support from our shareholders and successfully acquired Stevenage Circuits Limited at a commercially attractive price.

## Financial Position and Performance

During the uncertain times created by the pandemic we have placed even more focus on short-term planning as well as tight control over costs. Management focus on a number of KPIs to assess its performance and the progress of the business. The key performance indicators the management use are: Year-on-year sales growth, operating margin and EBITDA.

In the year under review these KPIs, measured to last year, are as follows:

	2020	2019
<b>Year on Year Sales Growth</b>	<b>108.8%</b>	<b>(16.2%)</b>
<b>Adjusted Operating Margin (note 25)</b>	<b>(3%)</b>	<b>(1.7%)</b>
<b>Adjusted EBITDA (note 25)</b>	<b>£773K</b>	<b>£573K</b>

These performance figures show improving trends over the year under review that have been positively impacted by the acquisition of Stevenage Circuits Limited (SCL). We acquired SCL on terms that gave rise to an excess of asset value over the purchase price, leading to a profit on acquisition. This profit has been taken to the profit and loss account and represents an exceptional profit of £1.64M (note 23).

The most significant transformation financially, was in the development of the balance sheet which reflects at 31 December 2020 shareholders funds of £24.76M which is a 310% increase over the previous year.

This improvement is the consequence of two equity raises during the year which raised £18.5M, which has enabled us to make significant capital investment of £2.21M in productive capacity and capability during the year and plan for further significant investment in 2021 of approximately £9.0M.

Our balance sheet is strong and its expansion has aided greatly in supporting the growth of the business enabling the Group to cope with the stresses of both Brexit and Covid-19 whilst at the same time being able to execute as much as possible on our long term growth plans.

At the end of the year we had net cash balances excluding IFRS16 lease liabilities of £11.35M (2019 net debt £0.30M).

As a consequence of the series production order received from the UK based EV OEM in September the final quarter of the year gave rise to a significant increase in development costs which have been capitalised and which has led to an increase in intangible assets of £2.21M. This level of development expenditure whilst large does support a tax credit in cash of £390K which assists in the funding of this investment which will be recovered in full from the subsequent sales of product under the supply agreement with the EV OEM. Our accumulated development costs are amortised in accordance with our accounting policies (Note 2).

## Cash flow

The trading environment in 2020 was impacted by the pandemic and that reduced revenues which in turn impacted our trading cash inflows. However, we continued with the development of our IHT which formed a large part of our activities given the opportunities the Group has across a range of markets.

Since the acquisition of Stevenage Circuits the business has been trading cash positively, though below levels anticipated before the acquisition, due to the impacts of the pandemic. We have made some improvements to employee facilities since acquisition which were planned pre acquisition. We have made some capital equipment improvements and we have made some repairs to the building which again were all costed prior to acquisition and were anticipated. These costs are now complete and we expect Stevenage Circuits to be cash positive from hereon.

## Trading performance

Revenues have been subdued and it proved to be a very difficult period within which to plan. The impact of the lockdowns on economic activity were well trailed and both trading units at the group felt the effect of reduced trading activity which manifested itself in an adjusted operating loss for the year of £(185K), compared to an adjusted profit in 2019 of £258K.

However, the acquisition of Stevenage Circuits was completed at a significant discount to the value of the assets that were acquired and this gave rise to a credit to reserves of £1.64M (note 23) and whilst there were other exceptional costs (page 45) the Company has reported a post tax profit of £1.23M for the year as a whole. Our results have been supported by a sizeable R&D tax claim which will also be the case in 2021 though we expect this credit to begin to reduce as we move more towards series production compared to development activity. The impact of these exceptional items is set out in note 25.

## Financial Planning for the future

We have operated in some very uncertain times during the year under review and have had to place even more focus on short term planning routines and the focus on tight control of all costs. As we come out of the sharp recession of 2020 we are facing improving demand, but we remain cautious about the lasting impacts of the pandemic. We are seeing increasing supply chain stress and lengthening delivery times which could have impacts on demand later in the year. We have seen particular problems with the supply of copper laminate which could cause supply problems later on. The lockdowns will cause further supply difficulties during the year and may impact output.

## Coronavirus Solvency Review

The pandemic impact on the economy continues to cast a shadow over liquidity and solvency throughout business generally. To address this, management have carried out an assessment of the economic impact of Coronavirus upon the near-term results and the suitability of the assumption that the business remains a going concern, this has been particularly important as a consequence of the lockdown in early 2021.

In the immediate short term the Group have purchase orders to support the trading plans to the end of July/Aug and we have maintained our plans for this period. Post that period we have maintained our revenue plans for SCL as the industry seems to be recovering fast from the pandemic. Our IHT business is underpinned by our OEM EV business though we have modelled the impact of some of that business being moved into later months. The significant risk to these assumptions is that material supplies become unavailable, though there is no evidence of this at the time of the review. Any shortage of supply would impact August through October.

We therefore modelled the assumption that we were to suffer 3-6 months' worth of supply restrictions, May through November, to reflect a slower supply chain and also that IHT revenues will be delayed by three months. As a consequence of applying these stresses, management remain confident that the Group has sufficient working capital resources to meet its commitments with a satisfactory level of headroom.

## Results and Dividend

Reported Profit after taxation of £1.23M (2019: Loss After Taxation £48K) means the Group is reporting a Diluted Earnings per Share of 5.70 pence (2019: Diluted Loss per Share of 0.32 pence). The Board set out its dividend policy last year which has not changed. It is the Board's intention that when commercial conditions allow, a progressive dividend policy will be adopted, consequently there will be no dividend paid for 2020.

Set out below is the Group's report in accordance with s.172 of the Companies Act 2006. The board of directors ("the Board") of Trackwise Designs plc consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in decisions taken during the year-ending 31 December 2020.

In doing so the board of directors have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Group.

SECTION 172 REQUIREMENT	EXAMPLES OF HOW THE BOARD'S DISCUSSIONS AND DECISION MAKING HAVE TAKEN THIS INTO ACCOUNT	REFERENCED IN THE REPORT
(a) the likely consequences of any decision in the long term;	Investing in significant capability and capacity to promote the success of IHT as a product which has benefit for our customers, our suppliers and for the environment.  Focussing on every area of cost to ensure maximum return to our shareholders	Page 6 CEO Strategic Report
(b) the interests of the Group's employees;	We have introduced enhanced employee responsiveness and commitment to training which benefits the individuals within our team as well as benefitting the overall efficiency of the Group.  Engaging in regular employee surveys to assess employee engagement and well-being.	Page 16 ESG Engagement Report
(c) the need to foster the Group's business relationships with suppliers, customers and others;	We promote strong relationships with our customers through an interactive key account programme and focus closely on quality to ensure that the customer has a high regard for the Group.  We manage our supplier base closely to promote levels of business that meet our quality standards and gives the supplier a chance to interact with the Group to be able to expand his business with us if it is mutually suitable.	
(d) the impact of the Group's operations on the community and the environment;	We have a strong record of managing successfully our waste processes which have been effective and audited for many years.  Our product IHT has the potential to significantly enhance energy conservation and carbon usage by reducing weight and size in a variety of industries.  Our aims for growth are locally focussed and it is our aim to provide well-paid interesting and challenging employment to our local community.  The Group's environmental policies recognise the protection of the environment and natural resources as one of the principal business responsibilities;	Page 16 ESG Engagement Report
(e) the desirability of the Group maintaining a reputation for high standards of business conduct; and	The Board is committed to complying with all applicable regulations and provides training and monitoring across the Group to all employees to encourage and ensure compliance.	Page 25 Corporate Governance Review

SECTION 172 REQUIREMENT	EXAMPLES OF HOW THE BOARD'S DISCUSSIONS AND DECISION MAKING HAVE TAKEN THIS INTO ACCOUNT	REFERENCED IN THE REPORT
(f) the need to act fairly as between members of the Group.	The Group is quoted on the London AIM market and interacts regularly with its members. The Board is committed to enhance that dialogue with a developing programme of investor related communications and events.	

**Mark Hodgkins**  
**Chief Financial Officer**  
**22 June 2021**



The business of the Group is under the control of the Board of Directors who are responsible for running the Group for the benefit of its Shareholders in accordance with their fiduciary and statutory duties.

The Directors acknowledge the importance of and the requirement for companies whose shares are admitted to trading on AIM to apply a recognised corporate governance code and explain compliance with that code.

The Directors chose to comply with the QCA Corporate Governance Code for Small and Mid-Size companies which has become a widely recognised benchmark for corporate governance of smaller quoted companies, particularly AIM companies. In accordance with Rule 26 of the AIM Rules for Companies, details of how the Group complies with the QCA Code are provided on the Company's website: [www.trackwise.co.uk/investors/corporate-governance](http://www.trackwise.co.uk/investors/corporate-governance).

The Board meets at least nine times a year to review, formulate and approve the strategy, budgets, corporate actions and oversee the Group's progress towards its goals. It has established an Audit Committee, a Remuneration Committee and Nomination Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

### Board and Committee Independence

The Board consists of three independent non-executive Directors (including the Chair) and two executive Directors. The Board regards the non-executive Directors as "independent non-executive Directors" within the meaning of the UK Corporate Governance Code and free from any relationship that could materially interfere with the exercise of their independent judgement.

### Audit Committee Report

The Audit Committee is chaired by Charles Cattaneo, a Chartered Accountant. The Committee also comprises Ian Griffiths and Susan McErlain and is considered to have an appropriate balance between those individuals with finance or accounting training and those from a general business background. Charles Cattaneo, replaced Lesley Jackson as chair of the committee when she resigned as a director of the Group on 28 June 2020.

At the invitation of the Committee, representatives of the external auditors, Mazars LLP, attend meetings along with the Chief Executive Officer and the Chief Financial Officer at least twice a year. The Committee also seeks to meet with the external auditor without the Executive Directors in attendance. In the year, the Committee met with representatives from Mazars LLP on two occasions, once without others being present.

The role and responsibilities of the Committee are set out in its terms of reference, which are available on the Company's website and from the Company Secretary on request. The terms of reference are reviewed annually by the Committee.

The principal responsibilities of the Committee are:

- Reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk;
- Advising the Board on whether the Committee believes the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- Considering and making recommendations to the Board as to the appointment, reappointment or removal of the external auditors and the approval of their remuneration and terms of engagement;
- Assessing the external auditors' independence and objectivity and the effectiveness of the audit process;
- Reviewing the policy on the engagement of the external auditors to supply non-audit services.

During the year, the Committee reviewed the appropriateness of the Group's interim and full year financial reporting, including the consideration of significant financial reporting judgements made by management taking into account reports from management and the external auditors.

The main area of focus considered by the Committee during the year were as follows:

Area of focus	Conclusion
The accounting and reporting of the acquisition of Stevenage Circuits Limited	The procedures in place to provide a detailed assessment for any intangible assets and goodwill acquired are well prepared and adequate. The focus of the audit procedures were on the proper execution of these procedures.
The Capitalisation of IHT development activities	The policies adopted are appropriate and have been consistently applied.
The Amortisation of accumulated development costs	The policies are consistently applied with previous years and are considered appropriate for the industry timescales that the Group is addressing.
Goodwill and Intangible Asset Impairment assessment	These impairment reviews are based on future cashflows and therefore are inherently judgemental. The Audit Committee considered the key judgements underpinning the impairment reviews performed. The Committee is satisfied that the impairments recognised in the year are appropriate and the remaining carrying value of Goodwill is appropriate.  Management carry out annual impairment reviews of the carrying value of the Intangible Assets.

The Committee has reviewed the sensitivity disclosures in note 2.1 and concluded that they are appropriate.

## Inventory

The Audit Committee reviewed management's estimates in relation to inventory ageing and obsolescence. The Committee was satisfied that the presentation of adjusted profit before tax provides a reasonable view of the underlying performance of the Group and that there was transparent and consistent disclosure of items shown separately as non-underlying items. This was based on a review of the items added back in arriving at underlying profit.

## Fair, Balanced, Understandable and Comprehensive Reporting

The Audit Committee has provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. Each Director was also asked to provide this confirmation.

Under its terms of reference, the Committee is responsible for assessing the scope, fee, objectivity and effectiveness of external audits and for making a recommendation to the Board regarding the appointment, reappointment or removal of the auditors on an annual basis.

The Committee also regularly reviews the nature, extent, objectivity and cost of non-audit services provided by the auditors. In doing this the Committee does not approve any non-audit expenditure. The Group has a policy that the auditors will not perform any other work for the Group and thus do not compromise their independence. To ensure compliance with this policy, the Audit Committee reviewed and approved the remuneration received by Mazars LLP for the audit service.

### Charles Cattaneo

Audit Committee Chair

22 June 2021

## The Remuneration Committee

The Remuneration Committee is chaired by Susan McErlain and its other members are Ian Griffiths and Charles Cattaneo. Susan McErlain, replaced Lesley Jackson as chair of the committee when she resigned as a director of the Group on 28 June 2020. The Remuneration Committee is expected to meet at least twice each year. It will have responsibility for determining, within the agreed terms of reference, the Board's policy on remuneration packages of the Group's Chair, the Executive Directors, Senior Managers and such other members of the executive management as it is designated to consider. The Remuneration Committee will also have responsibility for determining (within the terms of the Group's policy and in consultation with the Chair of the Board and/or the Chief Executive Officer) the total individual remuneration package for each executive Director and other designated senior executives (including bonuses, incentive payments and share options or other share awards). The remuneration of Non-Executive Directors will be a matter for the Chair and Executive Directors of the Board. No Director or Manager will be allowed to partake in any discussions as to their own remuneration. In addition, the Remuneration Committee will have the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It will also have responsibility for recommending new appointments to the Board.

## The Nomination Committee

The Nomination Committee is chaired by Charles Cattaneo and its other members are Ian Griffiths and Susan McErlain. The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chair of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future. The Nomination Committee will meet as and when required but at least once a year.

During the year the Committee's main task was the recruitment of two new non-executive directors, Charles Cattaneo and Susan McErlain, with the focus on broadening and deepening the expertise of the Board. Charles Cattaneo, replaced Ian Griffiths as chair of the committee on 15 September 2020.

The Committees met during the year as part of their standard schedule and attendance at those meetings is summarised below:

	Meetings attended/eligible to attend			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
I Griffiths	23/23	2/2	3/3	1/1
P Johnston	23/23	2/2	3/3	1/1
M Hodgkins	23/23	2/2	3/3	1/1
L Jackson (resigned 16 July 2020)	10/10	1/1	2/2	1/1
S McErlain (appointed 26 June 2020)	13/13	1/1	1/1	0/0
C Cattaneo (appointed 26 June 2020)	13/13	1/1	1/1	0/0

## Board Effectiveness Review

The Chair carries out an annual review of the effectiveness of the Board. Results of a Board circulated questionnaire and other feedback are discussed and evaluated by the Board as a whole and areas requiring improvement are addressed with actions agreed to promote increased effectiveness.

## Internal Controls and Financial Management

The Board has responsibility for establishing and monitoring the maintenance of the Group's internal financial and non-financial controls. The Board is cognisant that whilst internal controls reduce risk it cannot eliminate the risk entirely.

The key procedures which the Directors have established to enable them to have confidence that the controls are working and minimising risk are set out below.

- The Board sets policies which are regularly reviewed both by executive management and the Audit Committee and gains assurance that these policies are appropriate to address the key financial, operational, compliance and reputational risks.
- Authorisation limits are in place
  - The Board ensures that appropriately qualified people are in place to exercise the controls that are in place;
  - Group performance is measured against diligently prepared budgets and variations are reviewed on a monthly basis;
  - The business has appropriate segregation of duties and limits to individual's ability to authorise transactions;
- Financial planning and monitoring
  - The Group sets annual budgets which cover operating performance and balance sheet management including working capital;
  - The Board reviews the performance monthly and re-evaluates future performance
- Policies, procedures and authorisation limits
  - The Group has sufficient authorisation limits in place which cover the key areas for the business.

## Quality and Integrity of Personnel

The Group aims to recruit the highest calibre employees that it is able to do with high recruitment standards. Employees with integrity and strong workplace ethics are considered essential to the operation of the control environment.

## Identification of business risks

The Directors are responsible for identifying the significant business risks and their execution for this task is monitored by the Audit Committee as well as the main Board.




## Going Concern

The Directors have prepared the financial statements on a going concern basis as explained in note 2.1 to the financial statements. As at 31 December 2020 the Group had cash deposits of £13.93M. In particular, management have carried out an assessment of the economic impact of Coronavirus and have assumed that there will be no further lockdowns during 2021 and that impacts of the pandemic will not adversely affect the delivery of capacity and capability.




## Principal Risks and Uncertainties Report




KEY: ● High risk ● Medium risk ● Low risk




RISK		DESCRIPTION AND POTENTIAL IMPACT	MITIGATION
<b>The impact of Covid-19</b>	<p><b>Potential to change</b></p>  <p><b>INCREASED</b></p> <p>Effect: Loss of market, staff, reduced sales volumes and profitability over a long period.</p>	<p>The rapid spread of the Covid-19 virus in early 2020 together with the lockdown of many economies in the world has led to an unprecedented increase in business risk and uncertainty which could potentially have a significant impact on the Group.</p> <p>The negative impact will be felt as a consequence of delayed investment decisions, customer downsizing, margin pressure as customers seek to protect their own business and maybe the loss of customers completely.</p> <p>However, it is possible that the outcomes of the pandemic are that behaviours might change such that new trends might gain favour. There could be an increased positivity for the adoption of new technologies that would reflect on IHT; medical innovations might increase which would be a positive for the Group in the medical markets which are already showing interest. It's quite possible that one trend that will gain favour is the recast of global supply chains and this would enable opportunities for the Group's skills and IP. Customers could well want supply chains that are less reliant on labour and have more automation and Trackwise's technology roadmap is to move to a much more automated platform.</p>	<p>Management have followed the Government guidelines as to our response to the virus but this does not reduce risk. As a manufacturing business, many staff are largely unable to 'work from home' and, supported by several letters from customers who deem Trackwise to be an essential supplier to their defence and critical product lines, have focused as much as possible on keeping the manufacturing team safe and healthy in the work place – so as to continue to serve our customers in as a near-normal manner as possible.</p> <p>Those who can work from home have done so and, with VPN keys and Microsoft Teams, have adapted well to a new way of working.</p> <p>For the production site we have followed best practice identified by Public Health England; avoided non-essential third party visitors to the site; changed shift patterns where possible to minimise person to person contact; provided enhanced PPE; employed a temporary worker to disinfect all commonly touched surfaces on a near-continual basis.</p> <p>Management have carried out an assessment of the economic impact of Coronavirus upon the near-term results and the suitability of the assumption that the business remains a going concern.</p> <p>In the immediate short term, the group have orders to support the trading plans and we have maintained our plans for this period. The significant risk to that assumption is that material supplies become unavailable, though there is no evidence of this at the time of the review. Any shortage of supply would impact August through October.</p> <p>As a worse case outlook, we have assumed that the Government scheme for furloughing is not available and we retain all our labour expense and also that we are ineligible for the Government backed CBILS's facility. Furthermore, we have assumed we might be subjected to credit losses of 10% of revenues.</p> <p>As a consequence of applying these stresses, management are confident that the Group has sufficient working capital resources to meet its commitments with a satisfactory level of headroom.</p>

RISK		DESCRIPTION AND POTENTIAL IMPACT	MITIGATION
<b>Protection of intellectual property</b>	<p><b>Potential to change</b></p>  <p>UNCHANGED Effect: The cost of IPR infringement could lead to lost revenues, reduced profits and possibly significant legal costs.</p>	<p>The Group's technology includes specific manufacturing techniques for IHT manufacture. The process has been developed and is owned by the Group. Trademarks of the Group are registered and unregistered.</p> <p>The Group is dependent on proprietary rights in relation to this technology process, which relies on laws governing copyrights, trademarks and confidentiality. The Group is also dependent on contractual provisions regarding intellectual property ownership and licensing. These laws enable the Group to protect and/or enforce intellectual property rights, including the ability to restrict use of the manufacturing process to those who have obtained relevant authorisation.</p> <p>If the Group cannot successfully enforce its intellectual property rights, this could have a material adverse effect on the Group's business, financial condition and prospects.</p> <p>As the Group increases its penetration of the various markets which it is addressing, then there is risk that others may seek to copy and or imitate the Group's technology which could lead to the loss of market share.</p>	<p>The Group remains vigilant as to whether others are adopting processes that infringe our IPR.</p> <p>This review is applied regularly, and any potential infringement is pursued.</p>
<b>Attraction and retention of key employees</b>	<p><b>Potential to change</b></p>  <p>UNCHANGED Effect: Will lead to increased capital expenditure to reduce reliance on labour resource which in turn over time should enhance margins.</p>	<p>Like many other companies the Group seeks to recruit skilled, trained team members and like those other companies the demand for those scarce resources is intense.</p> <p>The Group depends upon the continued service and performance of its key employees and whilst it has entered into contractual arrangements with them to secure their services, the demand for this type of labour resource ensures that it cannot be guaranteed that they can all be retained.</p> <p>The loss of key employees and the failure or difficulty in attracting new team members will impact the efficiencies of the Group's business and will lead to sub-optimal profitability.</p>	<p>Management have renewed and improved the environment within which a labour force is engaged and have increased communication in both directions with the workforce to improve motivation, integration and remuneration.</p> <p>Group-wide surveys have become part of the culture with a focus on support and mentoring alongside training to encourage engagement, motivation and effectiveness. Management will continue to increase these engagement processes and be vigilant to ensure all things possible are enacted to reduce the impact of labour resource scarcity.</p>
<b>Establishment of new productive capacity</b>	<p><b>Potential to change</b></p>  <p>INCREASED Effect: Delayed revenues and contribution reducing profitability and cash inflows</p>	<p>The Group is required to significantly increase its productive capacity as a consequence of being awarded the supply contract to an EV OEM customer.</p> <p>This is a major development for the Group which could be subject to delays caused by equipment suppliers or unforeseen problems at the new site.</p>	<p>Management have enlisted the support of experienced project managers and other external professionals to advise and manage the project.</p>



RISK		DESCRIPTION AND POTENTIAL IMPACT	MITIGATION
<b>Cybersecurity</b>	<p><b>Potential to change</b></p>  <p><b>INCREASED</b> Effect: Exposure, hacking or Denial Of Service could impact adversely on profitability and cash generation.</p>	<p>Global cybersecurity threats to the Group could lead to unauthorised access to its information technology systems, products, customers, suppliers and third-party service providers. Cybersecurity incidents could potentially result in the disruption of our business operations and the misappropriation, destruction, or corruption of critical data and confidential or proprietary technological information.</p> <p>During the current Covid-19 lockdown a significant number of our staff are working from home.</p> <p>New production equipment installed at the Company's new premises in Stonehouse will rely heavily on information technology for its accurate operation and functioning. This will give rise to a potential vulnerability to cyber attack.</p>	<p>The Group implements preventative security measures to prevent, detect, address to mitigate these threats.</p> <p>The Group has increased its spend on IT cybersecurity, have carried out an audit of threats and have upgraded all aspects of their IT security.</p> <p>The Group retains its Cyber Security Certification which is an industry leading accreditation.</p> <p>All access to our server from remote locations are managed through a secure Virtual Private Network facility.</p> <p>The Company is planning to install additional two-tier verification and bespoke password protection procedures to mitigate the threat of cyber attack at its new operating plant.</p>
<b>Failing to successfully implement our growth strategies</b>	<p><b>Potential to change</b></p>  <p><b>UNCHANGED</b> Effect: Loss of market share, reduced sales volumes and profitability.</p>	<p>The future success of the Group is dependent upon the effective implementation of our growth strategy.</p> <p>This success may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated market forces, costs and expenses or technological developments. Failure to implement its strategy or the eventuality that it takes longer than expected to achieve implementation could adversely impact future financial results.</p>	<p>Management focus efforts to address the Group's strategic goals on a regular basis and has clear actions focussed on their achievement.</p> <p>Management regularly monitors their capacity as well as the progress towards achievement reviewing consistently the changes in the market place and their impact on our strategy.</p> <p>The Board monitors strategic achievement on a quarterly basis.</p>
<b>Customer concentration</b>	<p><b>Potential to change</b></p>  <p><b>INCREASED</b> Effect: As the Group moves to service IHT customers with the attendant adoption timescale the Group could be at risk of loss of significant revenues compared to expectations.</p>	<p>The Group has historically had a concentrated customer base which in 2018 saw 44% of revenues being attributed to 4 customers. The top 4 customers in 2019 accounted for only 27% of revenues reflecting the much larger number of IHT customers. However, the Group remains exposed to the loss of any one of a number of customers.</p> <p>As the adoption of IHT gathers pace it will be inevitable in the short-term that early adopting customers could initially be responsible for concentration of revenues.</p> <p>The EV OEM contract will in the short term through 2022 increase our customer concentration.</p> <p>Any deterioration of the Group's relationship with any one of their key customers, or the loss of orders from any one of them, would have a potentially material adverse impact on the Group's business and financial position.</p>	<p>The increasing acceptance of IHT removes historical concentration. Management continues to broaden the customer base of IHT.</p> <p>Furthermore we pay good attention to monitoring our relationship with our key customers to moderate any adverse reaction from these customers.</p>

RISK	DESCRIPTION AND POTENTIAL IMPACT	MITIGATION
<p><b>The Company is dependent on the communications industry, the aerospace industry and the automotive industry</b></p>	<p><b>Potential to change</b></p>  <p>UNCHANGED</p> <p>Effect: Loss of market share, reduced sales volumes and profitability.</p> <p>The Group has traditionally been dependent on the communications industry. The development and market penetration of IHT have added Aerospace and Automotive as two industries that the Group is exposed to. The Communications industry is highly competitive and is particularly impacted by the dominance of Chinese operators who aggressively compete with the Group's customers. The Automotive industry is a significant opportunity for the Group as it struggles with the move from carbon-based combustion motorisation to electric motorisation however, the Automotive industry is highly competitive and is extremely challenging. The Aerospace industry will benefit greatly from the new technology of IHT but the adoption of the product by the industry will inevitably be on a longer timescale due to approval processes which are extended. In particular, the risk appetite for new products in the Aerospace sector is relatively low. With these three industry foci the Group needs to ensure a balance of the risks within these industries.</p>	<p>The Group seeks to balance its exposure to these industries such that overall risk is reduced, whilst at the same time recognising that from time to time one or other industry might become more dominant within the Group's portfolio or less active. The Group will continue to adopt a balanced approach to the servicing of these different industries.</p>
<p><b>Exposure to exchange rate fluctuations</b></p>	<p><b>Potential to change</b></p>  <p>UNCHANGED</p> <p>Effect: Loss of market share, reduced sales volumes and profitability.</p> <p>The Group is exposed to exchange rate fluctuations, principally the GBP, the US\$ and the Euro. Changes in foreign currency exchange rates may affect the Group's pricing of products sold and materials purchased in foreign currencies.</p>	<p>The Directors believe that its use of certain derivative financial instruments, including foreign currency forward contracts used to hedge sale commitments denominated in foreign currencies, reduces the Group's exposure to this risk</p>
<p><b>Competition</b></p>	<p><b>Potential to change</b></p>  <p>UNCHANGED</p> <p>Effect: Loss of market share, reduced sales volumes and profitability.</p> <p>The economic environment within which we all work has become one that is constantly tested by disruptive technologies. Indeed, IHT itself is such a technology but it is recognised that it is possible for new competitive products, designs or solutions to enter the market which might bring different benefits. It is possible that competitors may also be able to devote greater resources to the promotion and sale of their products, designs and solutions than the Group can compete with.</p>	<p>The Group will continue to explore, research and develop new applications for the IHT technology to meet the competitive challenges as well as the ever-changing demands of its customers. The Group has a globally unique product and will continue to demonstrate the applicability of that technology to various industry groupings making existing solutions redundant and obsolete. The Group continues to provide resources with the aim of improving each generation of products it develops. If the Group is unable to compete successfully with existing or new competitors, it may have to reduce prices on products, which would lead to reduced profits</p>

RISK		DESCRIPTION AND POTENTIAL IMPACT	MITIGATION
<p><b>The impact of BREXIT</b></p>	<p><b>Potential to change</b></p>  <p>UNCHANGED</p> <p>Effect:</p> <p>Loss of market share, reduced sales volumes and profitability.</p>	<p>Whilst the UK has now left the European Union the economic impact remains totally unknowable and still presents significant risk to the Group.</p> <p>The Group's product, IHT, has a wide range of applications in a large number of disruptive industries and provides an environmentally sensitive contribution to our customers' challenges.</p>	<p>Now that the Brexit decision is finalised it is still unclear what the consequences might be.</p> <p>In common with other companies in the UK economy we are changing our processes to cope with different import and export routines and adjusting to their implications on a case-by-case basis.</p>
<p><b>IHT market adoption</b></p>	<p><b>Potential to change</b></p>  <p>DECREASED</p> <p>Effect:</p> <p>Could lead to under-achievement of revenues and profitability.</p>	<p>The Group is growing its IHT business steadily but remains at a relatively early stage of engagement with IHT market participants.</p> <p>The Group depends upon increasing adoption by market participants and increasing orders from them over the medium-term.</p> <p>The Directors have confidence that the developments in our knowhow made to date ensures that the applications for the technology are wide and varied.</p> <p>However, it is possible that IHT market development could be slower than anticipated and the financial results of the Group negatively impacted.</p>	<p>The Group has accelerated its marketing and communications activities to develop existing customers and potential new ones giving rise to a constant increase in the number of IHT customers.</p> <p>This process gradually reduces the risk of a lack of market adoption.</p>
<p><b>Receivables &amp; credit risk</b></p>	<p><b>Potential to change</b></p>  <p>UNCHANGED</p> <p>Effect:</p> <p>There could be a loss of profit and cash suffered by the Group by the failure to collect all receivables</p>	<p>The Group extends credit facilities to most of its established customers. There is a risk that some of these receivables due from customers may not be paid.</p> <p>Certain customers, either trading with the Group for the first time or with higher than acceptable risk, are required to trade on a pro-forma basis.</p>	<p>Each customer's credit worthiness is assessed at the time the debtor initially becomes a customer. Unacceptable credit risk, as indicated by an independent credit risk advisor, is required to trade on a pro-forma basis.</p> <p>Other customers are monitored on a monthly basis to assess any increase in risk and are monitored by reference to established trading patterns, renewed credit risk assessments and by direct dialogue with the customer concerned.</p> <p>These procedures have ensured to date a low incidence of credit loss.</p>

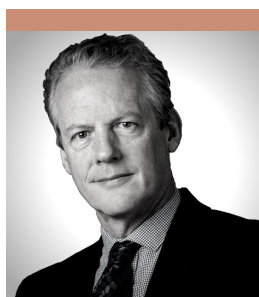
## Trackwise Board



**Ian Griffiths**  
Non-Executive Chairman

Ian brings wide-ranging international experience of the engineering business-to-business sector at both strategic and operational levels, having spent nearly 30 years with GKN plc.

Ian previously served as a Non-Executive Director on the Board of Ultra Electronics Holdings plc, Renold plc and also as Chairman of Hydro International plc which he joined as a Non-Executive Director and Chairman-elect. He remains a Non-Executive Director of AIM listed Autins Group plc, which he joined in 2016.



**Philip Johnston**  
Chief Executive Officer

Philip's early career was in the space industry which included a key management role in the Prime Contractor team for Envisat, a large European scientific satellite.

Philip joined Trackwise in 1999 and acquired the Company in 2000. Under his stewardship the Company has enjoyed sustained growth based largely through export success and innovation. Philip is named inventor on a number of UK and international patents, including that of Improved Harness Technology™ and he has led several government supported R&D consortiums including a European CleanSky programme. Philip holds degrees in both Aeronautical Engineering and Law.

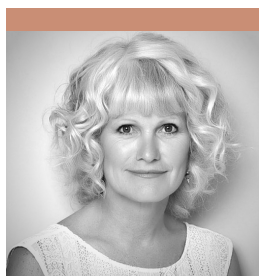


**Mark Hodgkins**  
Chief Financial Officer & Company Secretary

Mark is a qualified Chartered Accountant and a former partner with both Grant Thornton and Ernst & Young. He joined Trackwise in 2016.

Mark, as well as a career within the profession, has also been Group Finance Director of a large private company and was responsible for managing a balance sheet over £120M of gross assets; he has also served as a CEO of engineering businesses and as a partner with a privately held investment business.

He brings an increased level of direction to financial planning and financial control as well as strategic input in support of Philip Johnston.



**Susan McErlain**  
Non-Executive Director

Susan has over 30 years' experience in business and corporate communications. She co-founded, financial PR company, Square Mile Communications and ran the business until its sale in 2000. Susan became Chair of Weber Shandwick's financial services division until 2007 after which she continued to provide senior advisory services to listed manufacturing groups.

In 2014 she became Director of Corporate Affairs for Ultra Electronics plc until 2019, with responsibilities for investor & stakeholder communications, M&A, and government affairs. Susan has been on the boards of several businesses, including one AIM listed company, and currently has several mentoring roles.



**Charles Cattaneo**  
Non-Executive Director

A chartered accountant, Charles has over 30 years' corporate finance experience gained in the investment banking industry and as a corporate finance partner with both KPMG and Grant Thornton. Charles is currently a partner at corporate finance advisory firm Cattaneo, a business he founded in 2005, and Non-Executive Director and Chair of the audit committee of Westminster Group plc.

He has previously held director roles with several companies and is currently Chairman of the West Midlands Regional Advisory Group of the London Stock Exchange.

The Remuneration Committee comprises three members, the Group's non-executive directors, Susan McErlain, Charles Cattaneo and chair of the board, Ian Griffiths. Susan McErlain, replaced Lesley Jackson as chair of the committee when she resigned as a director of the Group on 28 June 2020. The Committee meets at least once a year.

The key objectives of the remuneration committee are to:

- Develop remuneration packages which motivate directors and support the delivery of business objectives in the short, medium and long-term;
- Align the interests of executive directors with the interests of long-term shareholders;
- Encourage executives to operate within the risk parameters, set by the board; and
- Ensure the Group can recruit and retain high-quality executives through packages which are fair and attractive, but not excessive

The committee is responsible for reviewing and determining Group policy on executive remuneration, including the grant of options under the share option scheme and terms of employment. The committee also has oversight of, and reviews, the senior management team remuneration and bonus arrangements.

The remuneration policy is designed to support the Group's strategic goals of exploiting the IHT technology whilst maintaining and underpinning Advanced PCB revenue stream and to promote the Group's long term sustainable success. Consideration is given to the risk profile of the business as well as how to reward measurable progress. The committee believes that the executive team should be rewarded for sustainable growth that will provide long-term returns for shareholders.

The fixed element of remuneration is based on a market-based approach which takes into account the size of the Group, peer review of compensation packages and the experience and qualifications of the executive in question. The variable element is designed to promote out-performance and the achievement of the specific measurable goals which are reviewed annually.

The Directors of the Group are:

Philip Johnston

Mark Hodgkins

Ian Griffiths

Susan McErlain (appointed 26 June 2020)

Charles Cattaneo (appointed 26 June 2020)

Philip Johnston and Mark Hodgkins offer themselves for re-appointment at the 2021 Annual General Meeting which is to be held on 14 July 2021.

## Salaries and benefits

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages for Executive Directors. The remuneration packages are benchmarked periodically to ensure comparability with companies of a similar size and complexity. Remuneration comprises basic salary, pension contributions to personal pension plans and benefits in kind. In addition, certain Directors are paid a car allowance or receive a contribution to their travel expenses. Remuneration also includes share options as detailed below.

	Salary £	Bonus £	Benefits & Car Allowance £	Pension £	Total 2020 £	Total 2019 £
P Johnston	205,000	-	22,322	7,200	234,522	213,583
M Hodgkins	165,000	-	15,984	-	180,984	160,875
I Griffiths	45,000	-	-	-	45,000	43,875
L Jackson	19,000	-	-	-	19,000	35,000
S McErlain	17,500	-	-	-	17,500	-
C Cattaneo	17,500	-	-	-	17,500	-

### Directors' Interests – Interests in share options (audited)

During the year M Hodgkins acquired a further 92,250 shares in the Group at an average price of £0.90, S McErlain acquired 7500 shares at an average price of 200p and C Cattaneo acquired 15,000 shares at an average price of £1.24.

Details of options held by Directors who were in office at 31 December 2020 are set out below. No options were exercised during the year (2019 : nil). Details of the Group's option schemes are set out in note 22 to the financial statements.

The market price of the Group's shares at 31 December 2020 was 322 pence. The range of market prices during the year was 74 pence to 370 pence.

	Date of Grant	Number	Exercise Price	Expiry Date
M Hodgkins	15 June 2018	78,690	£0.28	15 June 2028
M Hodgkins	24 June 2020	290,000	£0.875	24 June 2030

### Directors' Interests – Interests in shares (audited)

The interests of directors, who were serving as at 31 December 2020, in the ordinary shares of the Group are set out below:

	Holding Balance at 31 December 2020	Percentage of Share Capital at 31 December 2020	Holding Balance at 31 December 2019	Percentage of Share Capital at 31 December 2019
Philip Johnston	4,815,775	16.94%	4,815,775	32.60%
Mark Hodgkins	148,869	0.52%	56,619	0.33%
Ian Griffiths	14,286	0.05%	14,286	0.10%
Charles Cattaneo	15,000	0.05%	-	-
Susan McErlain	7,500	0.03%	-	-

### Contracts of service

The Executive Directors, Philip Johnston and Mark Hodgkins each have a service agreement containing one year's notice and six months notice respectively including claw back and malus clauses with regard to any paid or unpaid bonuses.

The Non-Executive Directors, Ian Griffiths, Susan McErlain and Charles Cattaneo, have a service agreement with a three-month notice period.

On behalf of the Board

#### **Susan McErlain**

Remuneration Committee Chair  
22 June 2021



## Principal Activities

The principal activity of the Group is the design and manufacture of a full suite of advanced PCB's including the Group's patented technology Improved Harness Technology™, Microwave and RF, short flex, flex rigid and rigid multi-layer boards.

The Directors have set out their update on strategy and its development in the Chief Executive's Review and Strategic Report on page 6 and that includes a review of the markets that the Group is addressing as well as the actions being taken to meet the strategic goals of the Group.

## The Directors of the Group are:

Ian Griffiths	Non-Executive Chair
Philip Johnston	Chief Executive Officer
Mark Hodgkins	Chief Financial Officer and Company Secretary
Susan McErlain	Non-Executive Director
Charles Cattaneo	Non-Executive Director

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

The Directors are required to prepare Financial Statements for each financial year. The Directors have elected to prepare the Group Financial Statements in compliance with IFRSs as adopted by the European Union as it applies to the Financial Statements of the Group for the year ended 31 December 2020.

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 of the profit or loss of the Group for that period. In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the Financial Statements have been prepared in accordance with IFRS; and
- Provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

## Dividends

The Group's ability to pay dividends in the future is affected by a number of factors, principally the generation of distributable profits within the Group. The Board has adopted a progressive dividend policy for the Group subject to the availability of sufficient distributable profits. The Directors intend to commence the payment of dividends when it becomes commercially prudent to do so and expect to pay interim and final dividends in the approximate ratio of 1/3 interim and 2/3 final.

## Research and Development

The Group continues to develop its products to ensure that they remain at the forefront of their markets. The detail and cost of those developments are set out in the Chief Executive's Review and Strategic Report and Chief Financial Officer's Review and Strategic Report.

## Director's indemnity

The Group's Articles of Association provide, subject to the provisions of United Kingdom legislation, for an indemnity for Directors and Officers of the Group with regard to liabilities that they may incur in the discharge of their duties or in the exercise of their powers, including any liability relating to proceedings brought against them which relates to anything done, or omitted, or anything alleged to have been done or omitted by them as officers or employees of the Company or Group.

Directors' Liability Insurance is in place in respect of all the Group's Directors.

## Donations

The Group made no charitable or political donations during the year.

## Independent Auditor

The Auditor, Mazars LLP, has indicated its willingness under section 489 of the Companies Act 2006 to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

## Annual General Meeting

The Group's Annual General Meeting will be held at 1 Ashvale, Alexandra Way, Tewkesbury, Gloucestershire GL20 8NB on 14 July 2021 at 11:00am.

## Matters covered elsewhere

As permitted by Paragraph 1A of Schedule 7 to the large and medium sized companies and groups (Accounts and Reports) Regulations 2008 certain matters that are required to be disclosed in the Directors' Report have been omitted as they have been included in either the Chief Executive's Review and Strategic Report or the Chief Financial Officer's Review and Strategic Report or the Principal Risks and Uncertainties Report. These matters relate to the business review, principal risks and uncertainties, key performance indicators, future developments and research and development activity.

## Other Information

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- In so far as the Directors are aware there is no relevant audit information of which the Group's Auditor is unaware;
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of relevant audit information and to establish that the Group's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

**Mark Hodgkins**

Company Secretary

22 June 2021

## Opinion

We have audited the financial statements of Trackwise Designs Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## 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 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 SME listed 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 audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- We reviewed management's going concern assessment including COVID-19 implications based on a severe but plausible scenario, as approved by the Audit Committee. We made enquiries of management to understand the completeness of the criteria taken into account and implication of those when assessing the severe plus plausible scenario on the Group's forecast financial performance;
- We evaluated the key assumptions in the worst case forecast and considered whether these appeared reasonable.
- We examined the available working capital under the monthly cash flow forecasts and evaluated whether the directors' conclusion that sufficient working capital remained in all but the most remote of events was reasonable; and
- We evaluated the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties and going concern.

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 and 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.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key Audit Matter

### How our scope addressed this matter

#### Revenue recognition:

The Group's accounting policy for revenue recognition is set out in the accounting policy notes on "Revenue" on page 52.

Revenue is a material balance for the Group and represent the largest balance on the Consolidated Statement of Comprehensive Income. An error in this balance could significantly affect users' interpretation of the financial statements.

Due to the potential to inappropriately record revenue in the incorrect period, we consider cut-off to be a key audit matter.

Our procedures performed over Revenue Recognition included, but were not limited to:

- Review and walkthrough of the systems and controls in place surrounding Revenue Recognition, in particular, cut-off;
- Testing a sample of revenue transactions around the year end to ensure they were accounted for in the appropriate period; and
- Reviewing post year end credit notes that may reverse revenue previously reported during the year

#### Our observations

No material misstatements were identified in cut-off as a result of the audit procedures performed.

#### Capitalisation of research and development expenditure

The Group and Company has a significant intangible asset arising from the capitalisation of expenditure in respect of the development of its Improved Harness Technology ('IHT') product. The carrying value at 31 December 2020 was £6.3m

Management exercise significant judgement when assessing the apportionment of costs to the development of the IHT product, and the expected future economic benefits through sale of the product. An error in the carrying value due to applying inappropriate judgement has the potential to have a material impact on the financial statements.

Therefore capitalisation of capitalised development cost is considered a key audit matter.

Our procedures performed over capitalisation of research and development expenditure included, but were not limited to:

- Testing a sample of additions to ensure they meet the recognition criteria of IAS 38. This included reviewing and challenging the apportionment of overhead costs;
- Reviewing the level of sales in the period relating to the capitalised asset and the forecasted IHT revenue and cashflows to help assess the technical and commercial feasibility of the product and the overall recoverability of the intangible asset.

#### Our observations:

No material misstatements in capitalised costs or the recoverability thereof were identified as a result of the audit procedures performed.

## Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<b>Group</b>	<b>Parent Company</b>
Overall Financial statement materiality	£109k	£39k
How we determined it	Materiality has been determined with reference to a benchmark of revenue, of which it represents 1.8%.	
Rationale for benchmark applied	Revenue has been identified as the most relevant measure of the underlying performance of the Group and Company and is considered to be the focus of the shareholders and therefore has been selected as the materiality benchmark.	
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality should be set at approximately 68% of our financial statement materiality, representing a value of £74k</p>	
Reporting threshold	<p>We agreed with the directors that we would report to them misstatements identified during our audit above £3k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p>	

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and parent company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements of Trackwise Designs Plc and those of its subsidiary. Based on our risk assessment, all entities within the group were subject to full scope audit and was performed by the group audit team.

Audit work on the subsidiary entity for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on individual statutory performance materiality which is lower than the consolidated materiality set out above. The performance materiality set for the subsidiary is based on the relative scale and risk of the subsidiary to the group as a whole and our assessment of the risk of misstatement at subsidiary level. The range of financial statement materiality across the components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £39k and £109k, being all below group financial statement materiality. At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

## Other information

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



In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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, 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 light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation

and non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to capitalisation and amortisation of development costs.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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

## Use of the audit 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.

**Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP**

**Chartered Accountants and Statutory Auditor**

**Two Chamberlain Square**

**Birmingham**

**B3 3AX**

**22 June 2021**

# Consolidated Statement of Comprehensive Income and Equity

For the year ended 31 December 2020

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	Notes	2020 £'000	2019 £'000
<b>Revenue</b>	3	6,068	2,906
Cost of sales		(4,350)	(1,805)
<b>Gross profit</b>		1,718	1,101
<i>Administrative expenses excluding exceptional costs and share based payment</i>		(1,903)	(900)
<i>Exceptional costs</i>		(128)	(28)
Share based payment charge	4	(228)	(224)
Total administrative expenses		(2,259)	(1,152)
<b>Operating loss</b>	4	(541)	(51)
Negative goodwill arising on acquisition	23	1,642	–
Acquisition expenses	23	(226)	–
Exceptional integration costs		(278)	–
Finance income	6	4	5
Finance costs	6	(195)	(83)
<b>Profit/(loss) before taxation</b>		406	(129)
Taxation	7	828	81
<b>Profit/(loss) and total comprehensive income for the year</b>		1,234	(48)
<b>Earnings per share (pence)</b>			
Basic	8	5.96	(0.32)
Diluted	8	5.70	(0.32)

The notes on pages 51 to 72 form part of these financial statements

# Consolidated Statement of Financial Position

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9	6,482	4,268
Property, plant and equipment	10	8,175	2,547
		14,657	6,815
<b>Current assets</b>			
Inventories	12	2,010	555
Trade and other receivables	13	1,752	1,657
Current tax receivable		804	338
Cash and cash equivalents		13,930	567
		18,496	3,117
<b>Total assets</b>		<b>33,153</b>	<b>9,932</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(1,956)	(1,046)
Borrowings	15	(1,055)	(339)
		(3,011)	(1,385)
<b>Non-current liabilities</b>			
Deferred income – grants	14	(910)	(856)
Borrowings	15	(4,078)	(1,253)
Deferred tax liabilities	17	(206)	(401)
Provisions		(79)	–
		(5,273)	(2,510)
<b>Total liabilities</b>		<b>(8,284)</b>	<b>(3,895)</b>
<b>Net assets</b>		<b>24,869</b>	<b>6,037</b>
<b>EQUITY</b>			
Share capital	19	1,137	591
Share premium account			
Retained earnings		20,989	4,234
		2,615	1,045
Revaluation reserve		128	167
<b>Total equity</b>		<b>24,869</b>	<b>6,037</b>

The financial statements on pages 45 to 50 were approved and authorised for issue by the Board and were signed on its behalf by:

**Mark Hodgkins**

Director

22 June 2021

Trackwise Designs plc

Registered in England and Wales, Registration no: 3959572

# Parent Company Statement of Financial Position

For the year ended 31 December 2020

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	Notes	2020 £'000	2019 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9	6,467	4,268
Property, plant and equipment	10	3,471	2,547
Investments	11	2,172	–
		12,110	6,815
<b>Current assets</b>			
Inventories	12	593	555
Trade and other receivables	13	2,727	1,657
Current tax receivable		530	338
Cash and cash equivalents		13,382	567
		17,232	3,117
<b>Total assets</b>		<b>29,342</b>	<b>9,932</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(631)	(1,046)
Borrowings	15	(677)	(339)
		(1,308)	(1,385)
<b>Non-current liabilities</b>			
Deferred income – grants	14	(910)	(856)
Borrowings	15	(1,673)	(1,253)
Deferred tax liabilities	17	(206)	(401)
		(2,789)	(2,510)
<b>Total liabilities</b>		<b>(4,097)</b>	<b>(3,895)</b>
<b>Net assets</b>		<b>25,245</b>	<b>6,037</b>
<b>EQUITY</b>			
Share capital	19	1,137	591
Share premium account		20,989	4,234
Retained earnings		2,991	1,045
Revaluation reserve		128	167
<b>Total equity</b>		<b>25,245</b>	<b>6,037</b>

The Company has elected to take the exemption under section 408 of the Companies Act not to present the parent Company profit and loss account. The profit for the parent Company for the year was £1.61M including dividends receivable of £2M from the subsidiary (2019: loss of £48K).

The financial statements on pages 45 to 50 were approved and authorised for issue by the Board and were signed on its behalf by:

**Mark Hodgkins**

Director

22 June 2021

Trackwise Designs plc

Registered in England and Wales, Registration no: 3959572

# Consolidated Statement of Changes in Equity

For the year ended December 2020

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
<b>At 1 January 2019</b>	<b>591</b>	<b>4,234</b>	<b>840</b>	<b>206</b>	<b>5,871</b>
Loss and total comprehensive income for the year	–	–	(48)	–	(48)
Share based payment	–	–	214	–	214
Revaluation realised in year	–	–	39	(39)	–
<b>At 31 December 2019</b>	<b>591</b>	<b>4,234</b>	<b>1,045</b>	<b>167</b>	<b>6,037</b>
Profit and total comprehensive income for the year	–	–	1,234	–	1,234
Share based payment	–	–	263	–	263
Revaluation realised in the year	–	–	39	(39)	–
Prior year tax adjustment	–	–	34	–	34
Shares issued in the year	546	16,755	–	–	17,301
<b>At 31 December 2020</b>	<b>1,137</b>	<b>20,989</b>	<b>2,615</b>	<b>128</b>	<b>24,869</b>



# Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

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	Share capital £'000	Share premium account £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
<b>At 1 January 2019</b>	<b>591</b>	<b>4,234</b>	<b>840</b>	<b>206</b>	<b>5,871</b>
Loss and total comprehensive income for the year	–	–	(48)	–	(48)
Share based payment	–	–	214	–	214
Revaluation realised in year	–	–	39	(39)	–
<b>At 31 December 2019</b>	<b>591</b>	<b>4,234</b>	<b>1,045</b>	<b>167</b>	<b>6,037</b>
Profit and total comprehensive income for the year	–	–	1,610	–	1,610
Share based payment	–	–	263	–	263
Revaluation realised in the year	–	–	39	(39)	–
Prior year tax adjustment	–	–	34	–	34
Shares issued in the year	546	16,755	–	–	17,301
<b>At 31 December 2020</b>	<b>1,137</b>	<b>20,989</b>	<b>2,991</b>	<b>128</b>	<b>25,245</b>

# Consolidated Statement of Cash Flows

For the year ended December 2020

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Profit/(loss) for the year before taxation		406	(129)
<i>Adjustment for:</i>			
Negative goodwill credit		(1,642)	–
Employee share based payment charge		263	224
Depreciation of property, plant & equipment	4	693	225
Amortisation of intangible assets	9	265	183
Net finance costs	6	191	78
<i>Changes in working capital:</i>			
(Increase) in inventories	11	(584)	(175)
(Increase) in trade and other receivables		374	(268)
Increase in trade and other payables		(362)	496
<b>Cash (used in)/generated from operations</b>		(396)	634
Income tax received		669	21
<b>Net cash from operating activities</b>		273	655
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(911)	(951)
Purchase of intangible assets	9	(2,246)	(1,736)
Purchase of new subsidiary (net of cash acquired)	23	(1,628)	–
Grant received		109	175
Interest received		4	5
<b>Net cash used in investing activities</b>		(4,672)	(2,507)
<b>Cash flow from financing activities</b>			
Share capital issued		18,492	–
Expenses relating to share capital issue		(1,191)	–
Interest paid		(195)	(83)
Lease payments	15	(87)	(89)
Advance of hire purchase finance against assets already purchased		1,139	–
Repayment of capital element of hire purchase contracts	15	(396)	(195)
<b>Net cash from/(used in) financing activities</b>		17,762	(367)
<b>Increase/(decrease) in cash and cash equivalents</b>		13,363	(2,219)
Cash and cash equivalents at beginning of the year		567	2,786
<b>Cash and cash equivalents at end of year (all cash balances)</b>		13,930	567

The cash outflow in respect of purchase of property, plant and equipment include the payment of any related deposits included in prepayments until the asset is acquired.

## 1. Corporate information

Trackwise Designs Plc ("the Company") is a Public Company limited by shares incorporated in the United Kingdom. The registered address of the Group is 1 Ashvale, Alexandra Way, Ashchurch, Tewkesbury, Gloucestershire, GL20 8NB.

The principal activity of the Group is the design and manufacture of a full suite of advanced PCB's including the Parent Company's patented technology Improved Harness Technology™, Microwave and RF, short flex, flex rigid and rigid multi-layer boards.

## 2. Accounting policies

### 2.1 Basis of preparation

#### Statement of compliance

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The parent company financial statements have been prepared under applicable United Kingdom Accounting Standards (FRS101) in order to apply International Accounting Standards in conformity with the requirements of the Companies Act 2006. The following FRS 101 disclosure exemptions have been taken in respect of the parent company only information:

- IAS 7 Statement of cash flows;
- IFRS 7 Financial instruments disclosures;
- IAS 24 Key management remuneration.

#### Basis of measurement

The Financial Statements have been prepared on the historical cost basis as modified for the revaluation of plant on transition to IFRS and for certain financial instruments at fair value.

#### Going concern

The Directors have considered the principal risks and uncertainties facing the business, together with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements. These forecasts show that the Company and Group should be able to manage their working capital and existing resources to enable it to meet their liabilities as they fall due. These forecasts have incorporated elevated stress tests to meet the impacts of Covid 19 as set out in the CFO report on page 21. Based on the above factors, the Directors have prepared the Financial Statements on a going concern basis.

#### Consolidation

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets (both tangible and intangible), liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The consolidated financial statements present the results of the Parent Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### Functional and presentational currency

These financial statements are presented in Pound Sterling ("Sterling") rounded to the nearest thousand pounds.

#### Use of estimates and judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **Goodwill and fair values**

Business combinations require a degree of estimation in respect of the fair value of identifiable assets acquired and the liabilities assumed at the acquisition date. (Note 23)

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

Management have estimated the useful life of assets based upon the period that the assets are able to and expected to generate revenue. These estimates are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. (Note 10)

### **Share Based Payments**

The Group uses the Black-Scholes option-pricing model where applicable, with inputs, in particular volatility, requiring significant judgement in application (Note 8).

### **Right of use assets**

The application of IFRS16 Involves a degree of judgement in respect of the applicable discount rate and in respect of any lease options or variable payments. The discount rate is reviewed in conjunction with the rates on similar borrowings and lease extension periods by reference to business plans and the most likely outcome. (Note 2.14).

### **Intangible assets**

Management have used their judgement in respect of the capitalisation of development costs. The viability of the new technology and know-how supported by the results of testing and customer trials and by forecasts for the overall value and timing of sales supports the approach taken. (Note 9)

Amortisation commences once management consider that the asset is available for use, i.e. when it is judged to be in the location and condition necessary for it to be capable of operating in the manner intended by management and the cost is amortised over the estimated useful life of the know-how based on expected customer product cycles and lives.

## **2.2 Revenue**

Revenue comprises income from the sale of printed circuit boards and represents the amount receivable for the sale of goods, excluding VAT and trade discounts. Revenue is recognised when all the following steps have been satisfied:

- I. The Group has received and accepted the purchase order from the customer.
- II. Sales prices are based on quotes for each customer's unique product and include transport which is insignificant in the context of the sale price. The sales price is determined after submission of a quote to each customer for their unique product and which has been agreed with them and includes transport which is also agreed with the customer.
- III. All performance obligations are met which is at a point in time when the goods have been despatched to the customer.
- IV. Invoicing typically occurs once performance obligations are met. On occasion, customers are invoiced in advance and these amounts are included in deferred income as contract liabilities. Contract liabilities held at the balance sheet date are expected to be released in the following period when the performance obligations is satisfied.

## **2.3 Grants**

### **Income based grants**

Income based grants are recognised in other operating income based on the specific terms related to them as follows:

- A grant is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions.
- If the terms of a grant do impose performance-related conditions, then the grant is only recognised in income when the performance-related conditions are met.
- Any grants that are received before the revenue recognition criteria are met are recognised in the Statement of Financial Position as another creditor within liabilities.

### **Capital grants**

Grants received relating to tangible and intangible fixed assets are treated as deferred income and released to the Statement of Comprehensive Income over the expected useful lives of the assets concerned.

## 2.4 Share based payment

The Group operates an equity-settled share-based compensation plan in which the Group receives services from employees as consideration for share options. The fair value of the services is recognised as an expense, determined by reference to the fair value of the options granted.

## 2.5 Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the Financial Statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

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

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

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

## 2.6 Goodwill

Goodwill arising on acquisitions is the excess of the fair value of the cost of acquisition, over the fair value of identifiable net assets acquired. Any direct costs are expensed in the income statement. Goodwill on acquisition is recorded as an intangible fixed asset and represents the residual amount remaining after taking account of the fair values attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group.

Goodwill is assigned an indefinite useful economic life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the goodwill calculation results in a negative amount (bargain purchase) this amount is taken to the income statement in the period in which it is derived.

## 2.7 Research and development cost

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- There is an ability to use, sell or licence the resultant asset;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development; and,
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised consist of employee costs incurred on development, direct costs including material or testing and an apportionment of appropriate overheads.

Where the above criteria are not met, development expenditure is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Capitalised development costs are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of a development cost intangible asset with a finite basis useful life is allocated on a straight-line basis over its useful life, currently expected to be 20 years. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

## 2.8 Patent costs

Patent cost assets are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses. The costs are amortised in the Statement of Comprehensive Income over the 15-year life of the patent.

## 2.9 Software

Software assets are capitalised at the purchase cost. Subsequent to initial recognition it is stated at cost less accumulated amortisation and accumulated impairment. Software is amortised in the Statement of Comprehensive Income on a straight line basis over its estimated useful life of five years. These costs are recognised in Cost of Sales.

## 2.10 Property plant and equipment

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

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. On transition to IFRS, plant and equipment was revalued, and this amount has been used as the deemed cost with no further revaluations.

After recognition, all property, plant and equipment (including leasehold improvements and plant and machinery) is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

Leasehold improvements	Straight line over the period of the lease
Plant and machinery	10-33% straight line

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

## 2.11 Accounting Treatment of Leases

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal, presented as a separate category within borrowings, and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and are presented as a separate category within tangible fixed assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## Hire purchase arrangements

The Group engages in Hire Purchase arrangements for which the lease is supported by the underlying value of the asset being leased. Hire Purchase arrangements are accounted for in accordance with the Leasing policy set out above.



### **Operating leases**

Payments associated with short-term leases of property, plant and equipment and leases of low-value assets are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less. Associated costs of all leases, such as maintenance, service charges and insurance, are expensed as incurred.

## **2.12 Impairment of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## **2.13 Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and an appropriate proportion of fixed and variable overheads incurred in bringing the inventories to their present location and condition. Net realisable value is calculated as the estimated selling price less costs to complete and sell. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

## **2.14 Financial instruments**

The Group classifies all its financial assets at amortised cost. Financial assets do not include prepayments. Management determines the classification of its financial assets at initial recognition.

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

The Group's financial assets held at amortised cost comprises trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

### **Financial assets**

Financial assets are recognised in the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value, which is usually the cost, plus directly attributable transaction costs.

Financial assets are measured at amortised cost using an effective interest method and discounting is omitted where the effect is immaterial.

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

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

### **Financial liabilities**

Financial liabilities include borrowings, trade and other payables and derivatives in respect of forward foreign exchange contracts.

Financial liabilities are obligations to pay cash or other financial assets and are recognised in the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than derivatives, are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities, other than derivatives, are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial. Derivatives are measured at fair value through profit and loss for any movements.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

## **2.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

## **2.16 Foreign currencies**

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

The Group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The Group utilises forward exchange contracts to mitigate the risk of adverse exchange rate movements on foreign currency denominated revenue. These derivatives are measured at the fair market value, at the reporting date, with the fair value gain or loss movements arising being recognised within administrative expenses in the Statement of Comprehensive Income.

## **2.17 Equity and reserves**

Share capital represents the nominal value of shares that have been issued. Share premium represents the excess consideration received over the nominal value of share capital upon the sale of shares, less any incidental costs of issue.

Retained earnings include all current and prior period retained profits.

The revaluation reserve represents the extent to which a revaluation of plant on transition to IFRS exceeded the historical net book value. Transfers are made to retained earnings in respect of the depreciated element of the revaluation.

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

There are no new standards, interpretations and amendments that are in issue but not yet effective which are expected to have a material effect on the Group's future Financial Statements.

### 3 Segmental reporting

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker ("CODM") is considered to be the Board of Directors.

The Group's RF and IHT activities for the sale of printed circuit boards are separately reviewed and monitored. Revenue of £5.46M (2019: £1.96M) arose from RF and £601K (2019: £938K) from IHT in the year ended 31 December 2020. The operating segments are monitored by the CODM, and strategic decisions are made on the basis of adjusted segment operating results.

Due to the shared nature of operations during the period under review it is not possible to provide a segmental analysis by RF and IHT of assets and liabilities, with the exception of the intangible development costs and deferred grants which are solely in respect of IHT.

All assets, liabilities and revenues are located in, or derived from, the United Kingdom.

#### Turnover by geographical destination

	2020 £'000	2019 £'000
UK	3,693	1,046
Europe	1,688	1,332
Other	687	528
	6,068	2,906

No one customer represents more than 10% of group turnover for the accounting period under review and the top 4 customers accounted for 24.1% of Group turnover in 2020.

#### Operating loss by geographical destination

	2020 £'000	2019 £'000
UK	(329)	(18)
Europe	(150)	(23)
Other	(62)	(10)
	(541)	(51)

### 4 Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging/(crediting):		
Government job retention scheme income	(16)	-
Amortisation of deferred grant income	(53)	(42)
Amortisation of intangible assets	265	183
Depreciation of property, plant and equipment (net of £222,000 of capitalised development costs, 2019: £100,000)	446	132
Depreciation of right of use assets	247	93
Cost of inventory sold	1,907	937
Foreign exchange (gains)/loss	(27)	57
Severance costs	-	28
Non recurring set up costs for new customer	128	-
Share based payment charges	229	224
Staff payroll costs (net of capitalised development costs)	2,515	1,431

The Auditors remuneration for audit services was £35K for the Company and £25K for subsidiary undertakings (2019: £30K for the Company) and £Nil for non-audit services (2019: £Nil).

## 5 Staff and key management personnel

	Group 2020 Number	Company 2020 Number	Group and Company 2019 Number
<b>Average monthly number of employees</b>			
Management and administration	28	15	14
Production	68	37	34
	96	52	48
<b>Payroll costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross salaries	3,303	2,095	1,775
Social security costs	332	222	174
Share based payment	272	272	224
Other pension contributions	120	85	63
	4,027	2,674	2,236

The Directors' and key management remuneration were as follows:

<b>Year ended 31 December 2020</b>	<b>Salary £'000</b>	<b>Benefits £'000</b>	<b>Pension £'000</b>	<b>Total £'000</b>
P Johnston	205	23	7	235
M Hodgkins	165	16	–	181
I Griffiths	45	–	–	45
L Jackson	19	–	–	19
S McErlain	18	–	–	18
C Cattaneo	18	–	–	18
	470	39	7	516
<b>Year ended 31 December 2019</b>	<b>Salary £'000</b>	<b>Benefits £'000</b>	<b>Pension £'000</b>	<b>Total £'000</b>
P Johnston	185	22	7	214
M Hodgkins	146	16	–	162
I Griffiths	44	–	–	44
L Jackson	34	–	–	34
	409	38	7	454

## 6 Finance income and expense

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Finance income</b>		
Interest receivable and similar income	4	5
<b>Finance expense</b>		
Interest payable on loans and overdrafts	3	–
Interest payable on leasing obligations	63	32
Interest payable in respect of right of use assets	129	51
	195	83

## 7. Income tax

	2020 £'000	2019 £'000
<i>Current tax:</i>		
UK corporation tax	547	134
Adjustment for prior periods	86	40
Total current tax credit	633	174
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	297	(68)
Change in rate from 17 to 19%	(53)	–
Adjustment for prior periods	(49)	(25)
<b>Total deferred tax expense</b>	195	(93)
<b>Total tax credit</b>	828	81

The tax rate used for the reconciliation is the corporate tax rate of 19% (2019: 19%) payable by corporate entities in the UK on taxable profits under UK tax law. The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. A change to the main rate of corporation tax announced in the 2020 Budget was substantively enacted on 17 March 2020. The rate from 1 April 2020 remains at 19% rather than the previously enacted reduction to 17%. In March 2021 it was announced that the rate of corporation tax is expected to increase to 25% from April 2023 which would affect future tax charges. The tax rate used to calculate deferred tax is the enacted rate of 19% (2019: 17%), being the rate at which the timing differences are expected to unwind based on currently enacted UK corporate tax legislation.

The credit for the year can be reconciled to the profit/(loss) for the year as follows:

	2020 £'000	2019 £'000
Profit/(loss) before taxation	406	(129)
Income tax calculated at 19% (2019: 19%)	(77)	25
Negative goodwill credit not taxed	312	–
Disallowable expenses including share-based payment	(101)	(20)
Deferred tax in respect of share options	440	–
Enhanced research and development allowances	471	94
Deferred tax not recognised	(29)	–
Adjustment for prior periods	37	15
Change in deferred tax rate	(53)	–
Differing deferred tax and R&D tax credit rates	(172)	(33)
<b>Total tax credit</b>	828	81

In addition to the tax credit, a further development expenditure tax related credit of £nil (2019: £29K) is included in operating expenses. Deferred tax is recognised over the vesting period for share options in respect of the corporate tax deduction available under the EMI scheme for the difference between market value on exercise and the exercise price and the exceptional £440K credit arises in the year as a result of the year end share price of £3.22.

## 8 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

<b>Earnings</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to the shareholders	1,234	(48)
<b>Number of shares</b>	<b>2020</b>	<b>2019</b>
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	20,687,836	14,772,372
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	21,659,166	14,772,372
Earnings per Share (pence)		
Basic	5.96	(0.32)
Diluted	5.70	(0.32)

The earnings per share is calculated from the number of £0.04 Ordinary Shares in issue.

Options over Ordinary Shares granted to employees are included in the calculation of potentially dilutive shares in respect of a profit.

## 9 Intangible assets

<b>Group</b>	<b>Goodwill £'000</b>	<b>Patent costs £'000</b>	<b>Computer Software £'000</b>	<b>Development costs £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
<b>As at 1 January 2019</b>	104	62	89	2,552	2,807
Additions	–	14	6	1,816	1,836
Reclassification	–	–	(18)	–	(18)
As at 31 December 2019	104	76	77	4,368	4,625
Additions	–	8	13	2,447	2,468
On acquisition	–	–	11	–	11
<b>As at 31 December 2020</b>	104	84	101	6,815	7,104
<b>Amortisation or Impairment</b>					
As at 1 January 2019	–	19	77	92	188
Charge	–	5	2	176	183
Reclassification	–	–	(14)	–	(14)
As at 31 December 2019	–	24	65	268	357
Charge	–	5	5	255	265
<b>As at 31 December 2020</b>	–	29	70	523	622
<b>Carrying amount</b>					
As at 31 December 2019	104	52	12	4,100	4,268
<b>As at 31 December 2020</b>	104	55	31	6,292	6,482



The carrying amount of goodwill relates to the acquisition of the original RF technology based business, whilst all the capitalised development costs relate to projects in respect of the Group's Improved Harness Technology™ ('IHT') process for unlimited length printed circuit boards and know-how which has since been developed by the Group with amortisation on the initial development projects commencing in 2018.

To determine the values of the costs capitalised management include the actual cost of purchase for all materials which are acquired for product development purposes, they collect daily time analyses of work performed by design or product engineers which captures the time spent on development activities which is then evaluated using a labour rate appropriate for the engineer who has worked the time and finally an element of direct relevant overhead cost is incorporated to reflect the additional cost of operating the developmental department of the Group.

### Impairment tests for goodwill

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The carrying values are assessed on a value in use basis for impairment purposes by calculating the net present value (NPV) of future cash flows arising from the original acquired business. The goodwill impairment review assessed whether the carrying value of goodwill was supported by the NPV of future cash flows based on management forecasts for 5 years, an assumed growth rate of 1% (2019: 1%) for the next 5 years and a discount rate of 12% (2019: 12%). There is significant headroom in the assessment from a range of reasonable sensitivities.

### Government grants

The Company has received aggregate grants from UK and European government research and development initiatives amounting to £965,005 (2019: £908,547) which fund a proportion of development work and which have been deferred in line with the capitalised development cost assets above that they relate to. They are released to profit and loss in line with the amortisation of the costs. There are no unfulfilled conditions or contingencies attached to the grants.

Company	Goodwill £'000	Patent costs £'000	Computer Software £'000	Development costs £'000	Total £'000
<b>Cost</b>					
As at 1 January 2019	104	62	89	2,552	2,807
Additions	–	14	6	1,816	1,836
Reclassification	–	–	(18)	–	(18)
As at 31 December 2019	104	76	77	4,368	4,625
Additions	–	8	9	2,447	2,464
<b>As at 31 December 2020</b>	<b>104</b>	<b>84</b>	<b>86</b>	<b>6,815</b>	<b>7,089</b>
<b>Amortisation or Impairment</b>					
As at 1 January 2019	–	19	77	92	188
Charge	–	5	2	176	183
Reclassification	–	–	(14)	–	(14)
As at 31 December 2019	–	24	65	268	357
Charge	–	5	5	255	265
<b>As at 31 December 2020</b>	<b>–</b>	<b>29</b>	<b>70</b>	<b>523</b>	<b>622</b>
<b>Carrying amount</b>					
As at 31 December 2019	104	52	12	4,100	4,268
<b>As at 31 December 2020</b>	<b>104</b>	<b>55</b>	<b>16</b>	<b>6,292</b>	<b>6,467</b>

## 10 Property, plant and equipment

Group	Leasehold improvements £'000	Plant and machinery £'000	Right of use assets - Plant £'000	Right of use assets - Buildings £'000	Total £'000
<b>Cost</b>					
As at 1 January 2019	375	1,047	860	–	2,282
Additions	88	76	626	–	790
On transition to IFRS 16	–	–	–	814	814
Reclassification	–	18	–	–	18
As at 31 December 2019	463	1,141	1,486	814	3,904
Additions	17	318	1,334	–	1,669
On acquisition	–	2,257	703	1,914	4,874
Movement	–	(2,209)	2,209	–	–
<b>As at 31 December 2020</b>	<b>480</b>	<b>1,507</b>	<b>5,732</b>	<b>2,728</b>	<b>10,447</b>
<b>Depreciation</b>					
As at 1 January 2019	91	713	214	–	1,018
Charge	32	73	127	93	325
Reclassification	–	14	–	–	14
As at 31 December 2019	123	799	342	93	1,357
Charge	38	393	237	247	915
Reclassification	–	(289)	289	–	–
<b>As at 31 December 2020</b>	<b>161</b>	<b>903</b>	<b>868</b>	<b>340</b>	<b>2,272</b>
<b>Carrying amount</b>					
As at 31 December 2019	340	214	1,272	721	2,547
<b>As at 31 December 2020</b>	<b>319</b>	<b>603</b>	<b>4,865</b>	<b>2,388</b>	<b>8,175</b>

Included within the carrying amount of the above, are assets held subject to hire purchase contracts of £2.8M (2019: £1.18M) relating to plant and machinery.

Company	Leasehold improvements £'000	Plant and machinery £'000	Right of use assets - Plant £'000	Right of use assets - Buildings £'000	Total £'000
<b>Cost</b>					
As at 1 January 2019	375	1,907	860	–	2,282
Additions	88	702	626	–	790
On transition to IFRS 16	–	–	–	814	814
Reclassification	–	18	0	–	18
As at 31 December 2019	463	2,627	1,486	814	3,904
Additions	17	1,315	1,182	–	1,332
<b>As at 31 December 2020</b>	<b>480</b>	<b>3,942</b>	<b>2,668</b>	<b>814</b>	<b>5,236</b>
<b>Depreciation</b>					
As at 1 January 2019	91	927	214	–	1,018
Charge	32	200	127	93	325
Reclassification	–	14	0	–	14
As at 31 December 2019	123	1,141	342	93	1,357
Charge	38	277	204	93	408
<b>As at 31 December 2020</b>	<b>161</b>	<b>1,418</b>	<b>545</b>	<b>186</b>	<b>1,765</b>
<b>Carrying amount</b>					
As at 31 December 2019	340	1,486	1,144	721	2,547
<b>As at 31 December 2020</b>	<b>319</b>	<b>2,524</b>	<b>2,123</b>	<b>628</b>	<b>3,471</b>

Included within the carrying amount of the above, are assets held subject to hire purchase contracts of £2.12M (2019: £1.18M) relating to plant and machinery.

## 11 Investments

	Company 2020 £'000
As at 1 January 2020	–
Stevenage Circuits Limited	2,172
As at 31 December 2020	2,172

The Company owns 100% of the share capital in Stevenage Circuits Limited, a company registered at 1 Ashvale, Alexandra Way, Ashchurch, Tewkesbury, Gloucestershire, GL20 8NB. The company is a manufacturer of PCBs.

## 12 Inventories

	<b>Group 2020 £'000</b>	<b>Company 2020 £'000</b>	<b>Group and Company 2019 £'000</b>
Raw materials	1,088	384	364
Work in progress	528	130	142
Finished goods	394	79	49
	2,010	593	555

There is no material difference between the value of inventories stated and their replacement cost. There are no material stock provisions at any period end, neither have material amounts of stock been written off in any of the periods presented.

## 13 Trade and other receivables

	<b>Group 2020 £'000</b>	<b>Company 2020 £'000</b>	<b>Group and Company 2019 £'000</b>
Trade receivables	1,381	370	831
Amounts owed by group undertakings	–	2,077	–
Other receivables	–	17	7
Prepayments	371	263	819
	1,752	2,727	1,657

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £20K (2019: £1K). There have been no material write offs or other material movements in the impairment provision recognised in the current or prior period.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Prepayments includes £nil (2019: £743K) in respect of deposits for capital equipment.

The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be of good quality. Substantially all overdue amounts have been collected since the year end.

## 14 Trade and other payables

	Group 2020 £'000	Company 2020 £'000	Group and Company 2019 £'000
<b>Amounts falling due within one year:</b>			
Trade payables	1,076	434	652
Taxes and social security costs	318	102	52
Other payables	0	0	51
Accruals and deferred income	319	95	291
Provisions	244	0	-
	1,956	631	1,046
<b>Amounts falling due after more than one year:</b>			
Deferred income – grants	910	910	856

The Directors consider that the carrying amount of trade and other payables approximates to their fair values. Accruals and deferred income includes a contract liability totalling £118K (2019:£139K) in relation to one customer payment received in advance. During the current period revenue totalling £21K (2019 : £Nil) was recognised as certain performance obligations were met.

## 15 Borrowings

	Group 2020 £'000	Company 2020 £'000	Group and Company 2019 £'000
<b>Amounts falling due within one year:</b>			
Lease liabilities	187	80	73
Hire purchase contract obligations	740	469	266
Other short term financing	128	128	-
	1,055	677	339
<b>Amounts falling due between one and five years:</b>			
Lease liabilities	1,258	411	364
Hire purchase contract obligations	1,713	1,101	601
	2,971	1,512	965
<b>Amounts falling due in more than five years:</b>			
Lease liabilities	1,107	161	288
<b>Total borrowings</b>	<b>5,133</b>	<b>2,350</b>	<b>1,592</b>

Hire purchase obligations are secured on the specific tangible fixed assets to which they relate.

Financing activities and movements in total borrowings			£'000
<b>As at 1 January 2019</b>			518
Cash movements:			
Lease payments in respect of right of use assets			(89)
Hire purchase contract payments			(195)
Interest paid			(83)
Non-cash movements:			
Interest accrued			83
Lease liability on transition to IFRS 16			814
New hire purchase contracts			544
<b>As at 31 December 2019</b>			1,592
Cash movements:			
Lease payments in respect of right of use assets			(87)
Hire purchase contract payments			(397)
Interest paid			(195)
Non-cash movements:			
Interest accrued			195
On acquisition of subsidiary			2,374
New hire purchase and financing contracts			1,651
<b>As at 31 December 2020</b>			5,133
	Group 2020 £'000	Company 2020 £'000	Group and Company 2019 £'000
<i>Payments due under lease liabilities are as follows:</i>			
In one year or less	1,314	792	434
Between one and five years	3,649	1,772	873
In more than five years	1,232	184	306
	6,195	2,748	1,613
Over five years			335
Future finance charges	(1,062)	(398)	(356)
Present value of liabilities	5,133	2,350	1,592

## 16 Financial instruments and capital management

### Risk management

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

### Capital management

The Group's capital comprises all components of equity which includes share capital, retained earnings and other reserves as indicated in the Statement of Financial Position.

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

The capital structure of the Company and Group consists of Shareholders equity with all working capital requirements financed from cash and capital expenditure utilising cash and term hire purchase contracts.

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

## Market risks

These arise from the nature and location of the customer markets, foreign exchange and interest rate risks.

The Group trades within the UK, European and US aeronautical and communications markets, and accordingly there is a risk relating to the underlying performance of these markets. The Directors monitor this and the foreign exchange risk closely with the intention to foresee downturns in trade or changes in the use of technology.

## Foreign exchange risk

The Group trades in overseas markets and, whilst it has net foreign currency balances, has forward contracts in place with an option to sell sufficient foreign currency receipts at a fixed rate which it uses to manage pricing and the exposure to exchange rate risks. It is not considered to be a material sensitivity to the range of fluctuations in exchange rates experienced within the last year.

The Group had the following net cash, sales ledger and purchase ledger balances denominated in foreign currencies:

	2020 £'000	2019 £'000
Euro denominated	1,121	178
US dollar denominated	(12)	222

## Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payments history. Given the long experience of the Group with its customers and in view of the systems and relations with customers that the Group has, the Directors consider the credit quality of trade receivables to be good and debts to be virtually fully recoverable. The credit quality of trade receivables can be assessed via external credit ratings (if available) or to historical information about default rates.

The Group considers a debtor to be in default when a decision has been made to commence legal proceedings for recovery. There have been no material impairments to trade or other receivables invoiced within the 3 years included within these financial statements.

Impairment provisions are also recognised based on the simplified approach within IFRS9 using the lifetime expected credit losses. To measure the expected credit losses, trade receivables are grouped based on shared credit risk and days past due. The expected loss rates are based on payment profiles and historical credit loss experience. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle receivables.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

The maximum exposure to credit risk is the total of financial assets as set out in the table below.

## Interest rate risk

The Group makes use of fixed rate finance lease or hire purchase agreements to acquire property, plant and equipment; this ensures that the Group maintains its existing working capital and ensures certainty of costs at the point of acquisition of those assets. The Directors therefore do not consider that the Group is exposed to a material risk or sensitivity from fluctuations in interest rates as all lease liabilities have fixed interest rates. These liabilities are set out in note 14.

## Liquidity risk

The maturity of the Group's financial liabilities including borrowing facilities detailed above is as set out below. Current liabilities were payable on demand or to normal trade credit terms with the exception of hire purchase contract obligations payable monthly and leases payable quarterly.

Liquidity risk of the business is managed by the preparation of and monitoring of a rolling weekly cash forecast which is integrated with a regular review of credit risk exposure (as detailed above) and the Board level review of three-month rolling finance facility headroom.



At 31 December 2019	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	In more than 5 years £'000
Trade and other payables	855	–	–	–
Lease liabilities	118	120	366	–
Hire purchase contracts (including interest)	316	288	405	306
	1,289	408	771	306

At 31 December 2020	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	In more than 5 years £'000
Trade and other payables	1,956	–	–	–
Lease liabilities	334	415	1,244	1,232
Other short term financing	128	–	–	–
Hire purchase contracts (including interest)	962	738	1,252	–
	3,380	1,153	2,496	1,232

### Classification of financial instruments

All financial assets are held at amortised cost and all financial liabilities have been classified as other financial liabilities measured at amortised cost with the exception of any forward currency contracts that exist which are measured at fair value as a derivative instrument.

Financial assets	2020 £'000	2019 £'000
Trade and other receivables	1,381	838
Cash and cash equivalents	13,930	567
	15,311	1,405
Financial liabilities	2020 £'000	2019 £'000
At amortised cost		
Trade and other payables	1,956	855
Lease liabilities	2,552	725
Other short term financing	128	–
Hire purchase contracts	2,453	867
	7,089	2,447

## 17 Deferred tax liabilities

### Group

#### Liability/(asset) in respect of:

	Accelerated capital allowances £'000	Intangible assets £'000	Share Based Payment £'000	Losses £'000	Total £'000
As at 31 December 2019	242	407	(48)	(200)	401
On acquisition	345	–	–	(345)	–
Debit/(credit) to profit or loss	198	265	(445)	(213)	(195)
As at 31 December 2020	785	672	(493)	(758)	206

There is an unrecognised deferred tax asset in respect of losses carried forward of approximately £460K (2019: £nil).

## Company

### Liability/(asset) in respect of:

	Accelerated capital allowances £'000	Intangible assets £'000	Share Based Payment £'000	Losses £'000	Total £'000
<b>As at 31 December 2019</b>	242	407	(48)	(200)	401
Debit/(credit) to profit or loss	225	265	(445)	(240)	(195)
<b>As at 31 December 2020</b>	467	672	(493)	(440)	206

## 18 Defined contribution scheme

The Group contributes to personal pension plans for the benefit of employees. The pension cost charge represents contributions payable by the Group to the funds.

	2020 £'000	2019 £'000
Contributions payable by the Group for the year	120	63

## 19 Share capital

Group and Company	2020 £'000	2019 £'000
<b>Allotted, called up and fully paid</b>		
28,426,122 (2019: 14,772,372) Ordinary Shares of £0.04 each	1,137	591

7,341,250 Ordinary £0.04 shares were issued on 30 March 2020 at 80 pence each in order to provide funds for the acquisition of SCL investment and working capital. 6,312,500 £0.04 Ordinary Shares were issued on 9 December 2020 at £2.00 per share in order to provide funds for further investment in plant and manufacturing capacity required by manufacturing agreements and anticipated demand.

Ordinary shares have equal rights to votes in any circumstances and are non-redeemable.

Ordinary shares have rights to receive dividends and capital distributions.

No dividends have been declared or are proposed in respect of the year (2019: £nil).

Analysis of Movements of Shares in Issue	2020	2019
1 January	14,772,372	14,772,372
Shares issued on 30 March 2020	7,341,250	–
Shares issued on 9 December 2020	6,312,500	–
31 December	28,426,122	14,772,372

## 20 Contingent liabilities

At 31 December 2020, the Company and Group had no contingent liabilities (2019: none).

## 21 Financial commitments

The Company and Group had capital commitments of £3.51M at 31 December 2020 (2019: £706K) in respect of the investment to be made in new plant.

## 22 Share Option Plan

### Introduction

The Group established the EMI Share Option Plan on 15 June 2018 which allows for the grant of enterprise management incentive share options which qualify for favourable tax treatment under the provisions of Schedule 5 to Income Tax (Earnings and Pensions) Act 2003 (ITEPA) (EMI Options) and awards of non-qualifying options (together Awards).

The awards are not transferable. Only the person to whom an Award is granted or his or her personal representatives may acquire Ordinary Shares pursuant to an Award.

The Board and Remuneration Committee has overall responsibility for the operation and administration of the Share Option Plan and discretion to select the persons to whom Awards are to be granted.

### Size of EMI Options grants/plan limits

The Group will grant EMI Options for as long as the Group satisfies the qualifying conditions set out in the EMI Code.

Under the EMI Code, an employee may hold EMI Options over Ordinary Shares with a value (as at the date of grant) up to £250K. Where this threshold is exceeded, the employee may not receive EMI Options for three years. He may, however, receive non-qualifying Awards, subject to the limit as set out below.

Unless the Remuneration Committee otherwise determines, the aggregate number of Ordinary Shares over which Awards may be granted under the Share Option Plan on any date shall be limited so that the total number of Ordinary Shares issued and issuable pursuant to Awards granted under the Share Option Plan and any other share scheme operated by the Company in any rolling 10-year period will be restricted to 10 per cent of the Group's issued Ordinary Share capital from time to time calculated at the relevant time.

### Rights attaching to shares

Ordinary Shares issued in connection with the exercise of Awards will rank equally with Ordinary Shares of the same class then in issue. Application will be made for admission to trading on AIM of new Ordinary Shares issued.

### Malus and Clawback

The Remuneration Committee may apply clawback where at any time before or within a year of vesting it determines that the final results of the Company were misstated. The Remuneration Committee may also apply the clawback at any time if it is discovered that the participant engaged in fraudulent or dishonest conduct prior to vesting that justified, or would have justified, summary dismissal from office or employment.

### Awards

Included in the awards are options over 368,690 Ordinary Shares granted to Mark Hodgkins, a Director, both within the EMI scheme and further non qualifying options.

#### Share option movements

	2020 Weighted average exercise price (p)	2020 Number	2019 Weighted average exercise price (p)	2019 Number
Outstanding at beginning of the year	28	915,360	28	990,015
Forfeited during the year	28	(13,415)	28	(74,655)
Issued during the year	87.5	984,000	-	-
Outstanding at the end of the year	57.5	1,885,909	28	915,360

Of the outstanding options at the reporting date none were exercisable (2019: none).

Options over 990,015 Ordinary Shares were granted to employees on 15 June 2018. They are exercisable at 28.25 pence per share after a period of 3 years. The share-based payment charge of 72.25 pence per option share has been measured using the Black Scholes model applying the three-year vesting period, a volatility of 50% and annual risk-free rate of 1.5%. Options over 984,000 Ordinary Shares were granted to employees on 24 June 2020. They are exercisable at 87.5 pence per share after a period of 2 years and subject to performance conditions being met. The share-based payment charge of 30 pence per option share has been measured using the Black Scholes model applying an expected three-year vesting period, a volatility of 50% and annual risk-free rate of 1.0%.

## 23 Business combination

The parent company acquired all of the share capital of Stevenage Circuits Limited ('SCL'), a UK-based designer and manufacturer of short flex and rigid printed circuit boards, on 1 April 2020. The acquisition primarily adds further manufacturing capacity to enable the demand-led ramp up of Trackwise Design's Improved Harness Technology production, as well as customers and technical, sales and operational expertise.

The assets were acquired at a discount to their fair value resulting in negative goodwill of £1.64M which has been credited to the income statement in accordance with IFRS 3 and represents an exceptional item in the period. This relates to the ability of the combined group to fully utilise the manufacturing capacity of SCL and enhance earnings from the specialist plant and equipment. The consolidated negative goodwill credit is not expected to be taxable.

The fair values of the assets and liabilities acquired are as follows:

	<b>Fair value £'000</b>
Property, plant and equipment	3,013
Right of use property assets	1,914
Intangible assets	11
Inventories	871
Trade receivables and prepayments	1,121
Tax	492
Cash	544
Trade and other payables	(1,699)
Lease liabilities	(1,914)
Hire purchase liabilities	(460)
Provisions	(79)
	3,814
<b>Negative goodwill arising</b>	<b>(1,642)</b>
<b>Consideration paid</b>	<b>2,172</b>

Consideration was paid in cash and there is no deferred or contingent consideration payable.

Gross trade receivables acquired were £897K all of which all was expected to be recovered. Right of use property assets are included in property, plant and equipment and lease liabilities within borrowings in the consolidated statement of financial position.

Acquisition related expenses of £226K have been charged as an exceptional item in the income statement together with £278K incurred in respect of the integration of SCL into the Group. This involved incremental project time and cost to bring processes and operations in line with Trackwise.

The negative goodwill and acquisition expenses are both considered highly material and significant non-recurring items. They are therefore presented below operating loss in the consolidated income statement.

## 24 Ultimate controlling party and related party transactions

There was no individual controlling party as at 31 December 2020.

The key management personnel are considered to be the Directors. Please refer to Note 5 for details of key management personnel remuneration. M Hodgkins, a Director of the Company, holds options over 368,690 Ordinary Shares in the Company (note 22).

## 25 Adjusted Operating Profit and EBITDA

In monitoring the performance of the business, the Directors focus on operating profit adjusted for material non-recurring or non-trading expenses and the adjustments so made are set out below:

	2020 £'000	2019 £'000
<b>Adjusted operating (loss)/ profit:</b>		
Operating loss	(541)	(51)
Add back share-based payments	228	224
Severance costs	–	28
Non recurring set up costs for new customer	128	–
Exchange loss arising from contracted rate for Brexit downside protection	–	57
Adjusted operating (loss)/profit	(185)	(258)
Finance income and expense	(191)	(27)
Adjusted (loss)/profit before taxation	(376)	231

The measure of EBITDA is not recognised by IFRS however it remains an important performance measure for management.

	2020 £'000	2019 £'000
<b>Adjusted EBITDA:</b>		
Operating loss	(541)	(51)
Depreciation (net of development cost capitalisation)	693	132
Amortisation	265	183
Share based payments	228	224
Severance costs	–	28
Non recurring set up costs for new customer	128	–
Exchange loss arising from contracted rate for Brexit downside protection	–	57
Adjusted EBITDA	773	573

BEIS	Department of Business, Energy and Industrial Strategy
CBILS	Coronavirus Business Interruption Loan Scheme
CEM	Contract Electronics Manufacturer
DEFRA	Department for Environment, Food and Rural Affairs
DI	Direct Imaging
EMI	Enterprise Management Incentive
ESG	Environmental & Social Governance
EV	Electric Vehicle
EWIS	Electrical Wiring Interconnection Systems
GHG	Greenhouse Gas
HVBM	High Voltage Battery Module
IATA	International Air Transport Association
IFRS	International Financial Reporting Standards
IHT	Improved Harness Technology TM
IPR	Intellectual Property Rights
MIS	Minimally Invasive Surgery
NDA	Non-Disclosure Agreement
NPV	Net Present Value
OEM	Original Equipment Manufacturer
PCB	Printed Circuit Board
PCBA	Printed Circuit Board Assembly
PPE	Personal Protective Equipment
QCA	Quoted Companies Alliance
RF	Radio Frequency
SCL	Stevenage Circuits Limited
TWD	Trackwise Designs plc
UAM	Urban Air Mobility

# Officers and Professional Advisers

## DIRECTORS:

Ian Griffiths	Non-Executive Chair
Philip Johnston	Chief Executive Officer
Mark Hodgkins	Chief Financial Officer
Charles Cattaneo	Non-Executive Director
Susan McErlain	Non-Executive Director

## COMPANY SECRETARY:

Mark Hodgkins

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1 APRIL 2021

**ASHVALE SITE READY FOR IHT DEDICATED ACTIVITY**

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