



**TAN DELTA SYSTEMS PLC**

Admission Document

11 August 2023



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Document or the action you should take, you should immediately seek financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of Tan Delta Systems plc (the “**Company**”). This Document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this Document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise and has not been drawn up in accordance with the Prospectus Rules or filed with or approved by the FCA or any other competent authority.

**Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 18 August 2023.**

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

The Company and the Directors, whose names appear on page 12 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information.

**Prospective investors should read the whole of this Document. Investment in the Company is speculative and involves a high degree of risk. Your attention is drawn in particular to Part III of this Document entitled “Risk Factors”, which describes certain risks associated with an investment in Tan Delta Systems plc.**

# Tan Delta Systems plc

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 06362470)*

**Placing of 23,074,000 new Ordinary Shares at 26 pence per Ordinary Share  
raising approximately £6.0 million and 1,346,000 existing Ordinary Shares at  
26 pence per Ordinary Share**

**Primary Bid Offer of 859,006 existing Ordinary Shares at  
26 pence per Ordinary Share**

**and**

**Admission to trading on AIM**

## ZEUS

***Nominated Adviser and Broker***

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### **Enlarged Share Capital immediately following Admission**

<i>Number</i>	<i>Issued and fully paid</i>	<i>Amount £</i>
73,223,800	ordinary shares of £0.001 each	73,223.80

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Zeus Capital Limited (“**Zeus**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and broker in connection with the Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of Zeus

or advising any other person in connection with the Placing and Admission. Zeus' responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to the London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to acquire Ordinary Shares in the Placing in reliance on any part of this Document. Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus by the FSMA or the regulatory regime established under it, Zeus does not accept any responsibility whatsoever for the contents of this Document, and no representation or warranty, express or implied, is made by Zeus with respect to the accuracy or completeness of this Document or any part of it.

This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities laws of any states of the United States of America or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan, the Republic of Ireland or to any national, resident or citizen of the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States of America regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States of America.

Copies of this Document will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company and the offices of Zeus at 125 Old Broad Street, London, EC2N 1AR for one month from Admission. This Document is also available on the Company's website, **[www.tandeltasystems.com](http://www.tandeltasystems.com)**

## IMPORTANT INFORMATION

This Document should be read in its entirety before making any decision to subscribe for or purchase Ordinary Shares. Prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Zeus or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this Document nor any acquisition of Ordinary Shares made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this Document or any subsequent communications from the Company, Zeus or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this Document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or any other person, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person, regarding the Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this Document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this Document contains any mistake or substantial inaccuracy. This Document, and any supplement thereto, will be made public in accordance with the AIM Rules for Companies. This Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Zeus or any of their respective representatives, that any recipient of this Document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this Document and, in particular, Part III headed "Risk Factors". Investors should ensure that they read the whole of this Document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this Document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this Document and the prospective investor's own (or such prospective investor's FSMA-authorised or other appropriate advisers') examination of the Company. Investors who subscribe for or purchase Ordinary Shares pursuant to the Placing will be deemed to have acknowledged that: (i) they have not relied on Zeus or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Document for their investment decision; (ii) they have relied only on the information contained in this Document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this Document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Zeus.

### **No prospectus**

This Document is not a prospectus for the purposes of the EEA Prospectus Regulation or the UK Prospectus Regulation (such terms as defined below). This Document has been prepared on the basis that all offers of the Placing Shares or the PrimaryBid Offer Shares will be made pursuant to an exemption under the EEA Prospectus Regulation or the UK Prospectus Regulation from the requirement to produce a prospectus. Accordingly, any person making or intending to make any offer within the United Kingdom or the EEA of



Placing Shares or the PrimaryBid Offer Shares which is the subject of the offering contemplated in this Document should only do so in circumstances in which no obligation arises for the Company or Zeus to produce a prospectus for such offer. Neither the Company nor Zeus has authorised, nor will any of them authorise, the making of any offer of the Placing Shares or the PrimaryBid Offer Shares through any financial intermediary, other than offers made by Zeus which constitute the final placing of the Placing Shares and offers made by PrimaryBid of the PrimaryBid Offer Shares through PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms as contemplated in this Document.

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

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

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

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

In relation to each member state of the EEA (each, a **"Member State"**), no Ordinary Shares have been offered or will be offered pursuant to the Fundraising to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the EEA Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation: (i) to any legal entity which is a **"qualified investor"** as defined in the EEA Prospectus Regulation; (ii) to fewer than 150 natural or legal persons (other than **"qualified investors"** as defined in the EEA Prospectus Regulation) in such Member State; or (iii) in any other circumstances falling within Article 1(4) of the EEA Prospectus Regulation, provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EEA Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EEA Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Fundraising will be deemed to have represented, acknowledged and agreed that it is a **"qualified investor"** within the meaning of Article 2(e) of the EEA Prospectus Regulation.

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

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

### Notice to other prospective investors from overseas

This Document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, the Republic of South Africa, New Zealand, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities laws of any State thereof, or any province or territory of Canada, Australia, the Republic of South Africa, New Zealand, the Republic of Ireland or Japan nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into or from the United States, Canada, Australia, the Republic of South Africa, New Zealand, the Republic of Ireland or Japan or any country or territory where to do so may contravene local securities laws or regulations or to any resident of the United States, Canada, Australia, the Republic of South Africa, New Zealand, the Republic of Ireland, Japan or any country or territory where to do so may contravene local securities laws or regulations. The distribution of this Document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this Document comes should inform themselves about and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

### Notice to distributors

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

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

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

### Data protection

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



relation to anti-money laundering procedures; (ii) carrying out the business of the Company and the administering of interests in the Company; and (iii) meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required).

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Company (or any third party, functionary or agent appointed by the Company) will: (i) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and (ii) transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

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

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

### **Forward looking statements**

Certain statements in this Document are or may constitute “forward-looking statements”, including statements about current beliefs and expectations. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “could”, “plans”, “intends”, “will”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. They appear in a number of places throughout this Document and include, but are not limited to, statements regarding intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Company operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Company operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Document. In addition, even if the development of the markets and the industry in which the Company operates are consistent with the forward-looking statements contained in this Document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in the Company’s business strategy, political and economic uncertainty and other factors discussed in Part I and Part III of this Document.

Any forward-looking statements in this Document reflect current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and growth strategy. Investors should specifically consider the factors identified in this Document which could cause results to differ before making an investment decision. Subject to the requirements of applicable law or regulation, the Company undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this Document.

Any forward-looking statement in this Document based on past or current trends and/or activities of the Company should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this Document is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will match or exceed the historic or published earnings of the Company.

## **European Union legislation**

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

## **Governing law**

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

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

## **Presentation of financial information**

The Historical Financial Information of the Company for the three years ended 31 December 2022, which is set out in Part IV of this Document, has been prepared in accordance with IFRS.

## **Rounding**

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

## **Market, industry and economic data**

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Document constitute management's estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources, as described in the footnotes to such information. All third-party information set out in this Document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Company and the Directors accept no responsibility for its accuracy or completeness.

Market and industry data is inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information.

## **No incorporation of website information**

The contents of the Company's website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document, and prospective investors should not rely on such information.



**Interpretation**

Certain terms used in this Document are defined and certain technical and other terms used in this Document are explained in the sections termed “Definitions” and “Glossary”. Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

In this Document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom. The Company presents its financial information in sterling.

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

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## PLACING, PRIMARYBID OFFER AND ADMISSION STATISTICS

Placing Price (per Ordinary Share)	26 pence
Number of Existing Ordinary Shares	50,149,800
Number of New Shares issued pursuant to the Placing	23,074,000
Number of Sale Shares sold pursuant to the Placing	1,346,000
Number of PrimaryBid Offer Shares sold pursuant to the PrimaryBid Offer	859,006
New Shares as a percentage of the Existing Share Capital	46.0 per cent.
Number of Ordinary Shares in issue on Admission	73,223,800
Market capitalisation of the Company at the Placing Price on Admission <sup>(1)</sup>	£19.0 million
Gross proceeds of the Placing receivable by the Company	£6.0 million
Estimated net proceeds of the Placing receivable by the Company <sup>(2)</sup>	£4.8 million
TIDM (AIM ticker)	TAND
ISIN	GB00BMV2DK99
SEDOL	BMV2DK9
LEI	2138009D7U2NQB78QT05

*Notes:*

- (1) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Placing Price.
- (2) After deduction of estimated commissions, fees and expenses (excluding VAT) of the Fundraising and Admission payable by the Company of approximately £1.2 million.

## EXPECTED TIMETABLE

**2023**

Publication of this Document	11 August
Issue of New Shares	18 August
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 18 August
CREST accounts credited (where applicable)	8.00 a.m. on 18 August
Dispatch of definitive share certificates (where applicable)	by 1 September

*All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change at the absolute discretion of the Company and Zeus without further notice.*



## COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

<b>Directors and Proposed Directors</b>	<b><u>Simon Richard Tucker</u></b> (Non-Independent Non-Executive Chairman) <b>Christopher (Chris) John Greenwood</b> (Chief Executive Officer) <b>Stephen (Steve) Dean Johnson</b> (Chief Financial Officer) <b>Timothy (Tim) John Croston</b> (Independent Non-Executive Director) (all of whose business address is the registered office address of the Company)
<b>Company secretary</b>	<b>ONE Advisory Limited</b> 201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
<b>Registered office</b>	1 Carrera Court Dinnington Sheffield S25 2RG
<b>Website</b>	<a href="http://www.tandeltasystems.com">www.tandeltasystems.com</a>
<b>Nominated Adviser and Broker</b>	<b>Zeus Capital Limited</b> 125 Old Broad Street London EC2N 1AR
<b>Legal advisers to the Company</b>	<b>Shoosmiths LLP</b> No.1 Bow Churchyard London EC4M 9DQ
<b>Legal advisers to the Nominated Adviser and Broker</b>	<b>Fieldfisher LLP</b> Riverbank House 2 Swan Lane London EC4R 3TT
<b>Auditors and Reporting Accountants</b>	<b>Haysmacintyre LLP</b> 10 Queen Street Place London EC4R 1AG
<b>Receiving Agent and Registrars</b>	<b>Share Registrars Limited</b> 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX

## DEFINITIONS

<b>Admission</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>AIM</b>	the AIM market of the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>AIM Rules for Nominated Advisers</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
<b>Articles</b>	the articles of association of the Company which will be in force as at Admission, a summary of which is set out in paragraph 6 of Part V of this Document
<b>Audit Committee</b>	the audit and risk committee of the Board, as constituted by the Board from time to time
<b>Board</b>	the board of directors of the Company or any duly authorised committee thereof
<b>Companies Act</b>	the Companies Act 2006 (as amended)
<b>Company or Tan Delta</b>	Tan Delta Systems plc, a company incorporated in England and Wales (registered number 06362470) and having its registered office at 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG
<b>CREST</b>	the computer-based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time), including (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
<b>Coronavirus Business Interruption Loan</b>	the Coronavirus Business Interruption Loan of £95,000 granted by Lloyds Bank plc to the Company pursuant to a loan agreement entered into between the Company and Lloyds Bank plc dated 18 June 2020
<b>Directors</b>	the directors of the Company on Admission, whose names appear on page 12 of this Document
<b>Disclosure and Transparency Rules or DTRs</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>Document</b>	this admission document dated 11 August 2023
<b>EEA</b>	the European Economic Area
<b>EIS</b>	the Enterprise Investment Scheme
<b>EIS Legislation</b>	Part 5 of the Income Tax Act 2007

<b>EIS Relief</b>	tax reliefs as described in Chapter 1 of Part 5 Income Tax Act 2007
<b>EMI Options</b>	enterprise management incentive options, which qualify for favourable tax treatment under the provisions of Schedule 5 to ITEPA
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the New Shares
<b>ESG</b>	environmental, social and governance
<b>EU</b>	European Union
<b>EU GDPR or GDPR</b>	the General Data Protection Regulation (EU) No 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with respect to the processing of personal data and on the free movement of such data
<b>Euroclear</b>	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales with registered number 02878738 and the operator of CREST
<b>EUWA</b>	the European Union (Withdrawal) Act 2018, as amended
<b>EV</b>	electric vehicle
<b>Executive Directors</b>	the executive Directors of the Company on Admission, being Christopher Greenwood and Stephen Johnson
<b>Existing Ordinary Shares or Existing Share Capital</b>	50,149,800 Ordinary Shares in issue immediately prior to completion of the Placing (including the Sale Shares and the PrimaryBid Offer Shares)
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Fundraising</b>	the Placing and the PrimaryBid Offer
<b>FY20</b>	the 12-month period ended 31 December 2020
<b>FY21</b>	the 12-month period ended 31 December 2021
<b>FY22</b>	the 12-month period ended 31 December 2022
<b>Group</b>	the Company and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)
<b>Group Company</b>	any member of the Group
<b>Historical Financial Information</b>	the audited financial statements of the Company for the three years ended 31 December 2022, as set out in Part IV, Section B of this Document
<b>HMRC</b>	HM Revenue and Customs
<b>IASB</b>	International Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standards, as issued by the IASB as adopted by the UK



<b>IP</b>	intellectual property
<b>ITEPA</b>	the Income Tax (Earnings and Pensions) Act 2003
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Lock-in Agreement</b>	the lock-in and orderly market agreement entered into by the Company, Zeus and the Locked-in Persons, details of which are set out in paragraphs 16.1.15 of Part V of this Document
<b>Locked-in Persons</b>	each of the Directors, Richard Booth, Jonathan Michael Horne, Stephen Pearce, Robert and Amanda Persey and Simon Francis Rogers
<b>MAR</b>	the UK version of the Market Abuse Regulation (Regulation 596/2014) which is part of English law by virtue of EUWA, as amended
<b>Member State</b>	a member state of the EEA
<b>MSOP</b>	the management share option plan that the Company shall adopt on Admission and which is intended to be a qualifying enterprise management incentive plan under the provisions of Schedule 5 of ITEPA
<b>New Shares</b>	the 23,074,000 new Ordinary Shares to be issued by the Company pursuant to the Placing
<b>Nominated Adviser and Broker Agreement</b>	the nominated adviser and broker agreement summary details of which are set out in paragraph 16.1.4 of Part V of this Document
<b>Non-Executive Directors</b>	the non-executive Directors of the Company, on Admission, being Simon Tucker and Timothy Croston
<b>Official List</b>	the official list maintained by the FCA
<b>Options</b>	options granted under the MSOP (being either EMI Options or non-qualifying options)
<b>Ordinary Shares</b>	ordinary shares of £0.001 each in the capital of the Company
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Placees</b>	the subscribers for or purchasers of Placing Shares pursuant to the Placing
<b>Placing</b>	the conditional placing of the Placing Shares at the Placing Price by Zeus as agent for and behalf of (i) the Company pursuant to the Placing Agreement and (ii) the Selling Shareholders pursuant to the Selling Shareholder Agreement
<b>Placing Agreement</b>	the conditional agreement entered into on 11 August 2023 between the Company, Zeus and the Directors in relation to the Placing and Admission, summary details of which are set out in paragraph 16.1.2 of Part V of this Document
<b>Placing Price</b>	26 pence per Placing Share
<b>Placing Shares</b>	the New Shares and the Sale Shares

<b>PrimaryBid</b>	PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575
<b>PrimaryBid Engagement Letter</b>	the agreement between the Company, the PrimaryBid Offer Selling Shareholders and PrimaryBid with respect to the PrimaryBid Offer dated 4 August 2023, further details of which are set out in paragraph 16.1.1 of Part V of this Document
<b>PrimaryBid Offer</b> or <b>Retail Offer</b>	the sale of the PrimaryBid Offer Shares, at the Placing Price, to retail investors resident and physically located in the United Kingdom through PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms
<b>PrimaryBid Offer Shares</b>	859,006 Existing Ordinary Shares in the capital of the Company which, subject to Admission, are to be transferred to investors at the Placing Price pursuant to the PrimaryBid Offer
<b>PrimaryBid Offer Selling Shareholders</b>	Simon Richard Tucker (one of the Company's existing directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorks, England, S25 2RG ), Simon Francis Rogers (one of the Company's former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG), Richard Booth (the Company's former company secretary and one of its former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG), Jonathan Michael Horne (one of the Company's former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG)
<b>Proposed Directors</b>	Stephen Johnson and Timothy Croston, all of whom shall be appointed to the Board on Admission
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Union, as it forms part of English law by virtue of the EUWA, as amended
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of the FSMA, as amended
<b>QCA</b>	the Quoted Companies Alliance
<b>QCA Code</b>	the Corporate Governance Code 2018 published by the QCA
<b>Registrars</b>	the Company's registrars, being Share Registrars Limited
<b>Remuneration Committee</b>	the remuneration committee of the Board, as constituted by the Board from time to time
<b>Reorganisation</b>	the reorganisation of the Company, further details of which are set out in paragraph 3 of Part V of this Document
<b>RIS</b>	Regulatory Information Service
<b>Sale Shares</b>	the 1,346,000 Existing Ordinary Shares being sold on behalf of the Selling Shareholders at the Placing Price pursuant to the Placing

<b>Selling Shareholders</b>	Simon Richard Tucker (one of the Company's existing directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorks, England, S25 2RG ), Simon Francis Rogers (one of the Company's former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG), Richard Booth (the Company's former company secretary and one of its former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG), Jonathan Michael Horne (one of the Company's former directors whose business address is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG)
<b>Selling Shareholder Agreement</b>	the conditional agreement dated 11 August 2023 between Zeus, the Company and the Selling Shareholders in relation to the Placing of the Sale Shares, summary details of which are set out in paragraph 16.1.3 of Part V of this Document
<b>Shareholder</b>	a holder of Ordinary Shares
<b>Takeover Code</b>	the City Code on Takeovers and Mergers published by the Panel from time to time
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK GDPR</b>	GDPR as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018 (including as further amended or modified by the laws of the United Kingdom or a part of the United Kingdom from time to time)
<b>uncertificated or uncertificated form</b>	recorded on the relevant register of the share or security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>VAT</b>	UK value added tax
<b>VCT</b>	venture capital trusts
<b>VCT Legislation</b>	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
<b>Zeus or Nomad</b>	Zeus Capital Limited
<b>£ and p</b>	United Kingdom pounds sterling and pence respectively



## GLOSSARY

<b>Aggreko</b>	Aggreko UK Ltd
<b>ATEX Zone 2</b>	ATEX approval to BS EN 60079-0: 2012 and BS EN 60079-11:2013 Atex Zone 2: Ex ic IIA T3 Gc standards
<b>capacitance</b>	the ability of a component or circuit to collect and store energy in the form of an electrical charge
<b>conductivity</b>	the measure of the ease at which an electric charge can pass through a material
<b>G2-ATEX</b>	the OQSx-G2 ATEX sensor, designed by Tan Delta and ATEX Zone 2 certified
<b>G2-Express</b>	the QQD Express kit designed by Tan Delta which includes a single OQSx-G2 sensor and a single QQDe display
<b>G2-MOT</b>	the G2 MOT kit designed by Tan Delta to pair with the G2-Sensor
<b>G2-Sensor</b>	the OQSx-G2 Sensor, Tan Delta's first commercially sold sensor
<b>Halliburton</b>	Halliburton Corporation
<b>HYDAC group</b>	HYDAC International GmbH
<b>Innio</b>	INNIO Jenbacher GmbH & Co OG
<b>IoT</b>	internet of things
<b>OCM</b>	oil condition monitoring
<b>OEM</b>	original equipment manufacturer
<b>Parker Hannifin</b>	Parker Hannifin Corporation
<b>permittivity</b>	the constant of proportionality that relates the electric field in a material to the electric displacement in that material
<b>Poseidon</b>	Poseidon Systems, LLC
<b>R&amp;D</b>	research and development
<b>Schlumberger</b>	Schlumberger Technology Corporation
<b>Shell</b>	Shell International Petroleum Company Limited and its affiliates or associated companies
<b>SGS</b>	SGS S.A., a Swiss multinational company, which provides inspection, verification, testing and certification services
<b>Wärtsilä</b>	Wärtsilä Finland Oy

## **PART I**

### **INFORMATION ON THE COMPANY**

#### **1 INTRODUCTION**

Tan Delta Systems plc has developed innovative technologies, products and services that enable operators of rotating equipment, from trucks and ships to generators and wind turbines, to reduce oil consumption, maintenance costs, breakdowns and carbon footprint.

Tan Delta was co-founded in 2007 by the current Chief Executive Officer, Chris Greenwood, to develop the concept of real time oil condition analysis and to provide equipment operators with greater insight on the health and status of their equipment, thus allowing more efficient equipment operation.

Funded by private investors, the Company has invested significant time and effort over an extended period of time to develop and prove this concept. This initial phase was followed by a further period of technology R&D and product development to realise its first pre-production oil condition analysis sensor in 2019 which was sold to a limited number of customers for trial and refinement purposes. In 2020 the Company's first commercial sensor (OQSx-G2) entered volume production.

Tan Delta has an initial foothold in the \$200 billion global sensor market<sup>1</sup> with an innovative and differentiated monitoring solution based on real time oil analysis and analytics. The Company offers equipment operators enhanced insight into the maintenance status of equipment and thus the ability to reduce maintenance costs, improve reliability and reduce carbon footprint. Despite limited sales and marketing to date, the Company has successfully sold its products and services to a range of blue-chip customers including Shell, Aggreko and Schlumberger.

Tan Delta's products offer customers a compelling proposition of being able to reduce operating costs whilst improving reliability. This is achieved through equipment operators gaining a better understanding of the actual real time maintenance status of their active equipment through the real time analysis of lubrication oil used within engines, gearboxes and hydraulic systems. This insight is delivered via a sensor which is retrofitted to the equipment which continuously analyses the oil at a molecular level in real time. As the oil wears or is contaminated, its molecular profile changes and this is detected and measured by the Tan Delta sensor. The data provided by the sensor, combined with Tan Delta's analytics, enables the following benefits:

- Reduced oil consumption by approximately 30 per cent. by ensuring oil is not changed before it has reached the end of its life;
- Reduced breakdowns and associated costs by detecting issues before damage or failure occurs;
- Increased equipment operating times by enabling intervals between maintenance to be extended; and
- Reduced carbon footprint through a reduction in oil use and prolonged equipment life.

The Company currently offers four main products built around its core oil condition analysis sensor technology; G2-Sensor, G2-ATEX, G2-Express and G2-MOT. All of which target primarily large commercial and industrial equipment market segments. A new sensor product (G2-IM), currently at the concept stage but based upon the same core technology, will be developed which will be suitable for smaller scale, high volume applications in the light commercial, industrial and automotive segments.

Tan Delta sensors are installed on equipment using existing oil inspection ports, or retro-fit manifolds, where moving oil is continuously analysed by the sensor. Once installed, the sensor data can be displayed on local equipment displays or transmitted back to most IoT monitoring systems, thus providing continuous oil condition analysis, fault detection and optimal maintenance timings.

The Company's technology and designs are underpinned by multiple layers of IP and knowledge intensive industry know-how, providing significant technical and commercial barriers to entry for competitors seeking to compete in this growing sensors global market. In addition to sensors, Tan Delta also offers a range of complementary data analytic accessories that support the implementation and use of its sensor products.

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<sup>1</sup> Based on 2022 figure from Precedence Research, Global sensor market size

It is the Company's intention to significantly expand the analytics service offering via a subscription based online platform.

The Company has started to build a global network of blue-chip customers and distributors, including Shell, Aggreko, Schlumberger and Wärtsilä, who operate in a variety of industries, including power generation, mining, oil/gas and shipping.

The net proceeds of the Placing of New Shares will enable Tan Delta to significantly expand its sales and marketing to meet the support and expansion expectations of current customers as well as to attract new customers. Furthermore, it will enable the Company to increase its production capacity and accelerate new product and technology development. A breakdown of the expected use of proceeds is detailed in paragraph 7.2 of Part I of this Document. The Directors also believe Admission will enhance Tan Delta's corporate profile.

## **2 KEY STRENGTHS**

The Directors believe that Tan Delta has a number of key strengths and advantages that are important to the success of its business:

### ***Core technology & IP***

A portfolio of in-house developed IP that enables analysis of oil at a molecular level within active operating equipment in real time. This enables the detection of a broad spectrum of contamination and accurate tracking of oil wear whilst oil is actively in use within operating equipment.

### ***Compelling market offer***

Equipment operators can reduce oil consumption and maintenance costs by approximately 30 per cent., extend equipment life and reduce carbon footprint through the insight provided by the real time in-line oil analysis and analytics of Tan Delta's products and services.

### ***Established and profitable***

Following an extensive development and a market trial period, the Company's first oil condition analysis sensor entered commercial production in 2020 and is now supplied to a growing customer base, enabling the Company to be profitable for the last three years, with strong gross profit margins, minimal debt, low capital expenditure and low working capital requirements.

### ***Existing and growing customer base***

With minimal sales and marketing investment, the Company has started to build a network of distributors and a global reference customer base of blue-chip companies in industrials and energy verticals, which include Shell, Aggreko, Schlumberger, Marine Technologies and Des-case, and is developing a pipeline of significant contract prospects.

### ***Scalability***

The Company develops all aspects of its technology and products and contracts out manufacturing. The external contracting of the manufacturing process enables accelerated scaling of production volume to match sales, without an increase in overhead or significant capital expenditure.

### ***Experienced management team***

The Company has a well-structured, experienced, and committed management that provides a robust team capable of managing and driving growth.

### ***ESG***

Tan Delta products help customers to achieve environmental targets through reduced oil and spare parts consumption.

### 3 HISTORY AND BACKGROUND

The Company was co-founded as Oil Management Services Limited in Sheffield, UK, in 2007 by the current Chief Executive Officer, Chris Greenwood and whose experience with traditional condition based monitoring and the use of offline OCM led him to spot a gap in the market for real time oil analysis. If real-time, high-quality oil analysis could be achieved this would deliver a new level of insight to equipment operating status and in turn enable equipment operators to better manage and maintain equipment.

Following an initial proof of concept R&D phase, in 2011 the Company was renamed Tan Delta Systems Limited. The Company then proceeded to invest for eight years, across three distinct phases, to develop its technology and its first range of commercially viable products; all of which has been undertaken in-house to ensure IP ownership.

Phase 1: from 2012 to 2019, the Company invested in R&D of its core oil condition analysis technology, including the processes of analysis, calibration and installation.

Phase 2: in 2019, the Company finalised the engineering realisation of its technology into a robust sensor product, suitable for real world industrial and commercial applications. This phase included field validation with customers.

Phase 3: in 2020, the Company launched its first commercial ‘market ready’ sensor into the market for sale, targeting a small number of customers, resulting in the commencement of commercial revenues and arm’s length use of the sensor across multiple applications and locations worldwide.

Phase 4 (current phase): in 2021, within the constraints of its existing limited resources, the Company started to slowly expand availability of its sensor products and solutions to more customers and industries in line with its production and support capabilities.

### 4 MARKET, OPPORTUNITY AND PRODUCTS

#### 4.1 *Market and opportunity*

The Directors estimate that there are hundreds of millions of assets with moving parts (rotating equipment) worldwide, from cars, trucks or ships to generators or wind turbines. The desire of equipment operators to achieve greater reliability, operating cost reduction and efficiency has created a \$200 billion global sensor market<sup>1</sup> which is anticipated to reach approximately \$500 billion by 2032 with an expected CAGR of 8.4 per cent. from 2023 to 2032. Equipment monitoring is therefore well established, growing and considered important for reliable and efficient operation of equipment.

Virtually all rotating equipment relies on lubrication for reliable operation. Each year approximately 37 billion litres of lubrication oil valued at \$167 billion is consumed. Oil analysis, typically undertaken in a laboratory, has long been considered the ‘gold standard’. However, lab sampling is expensive, cumbersome and time consuming with Bain and Company citing from their surveyed OEMs “95 per cent. of OEMs say they will provide remote maintenance...” (May 2022 Global Machinery and Equipment report). Tan Delta sensors can be fitted to the majority of rotating equipment into existing oil inspection ports and will continuously analyse oil condition in real time, and stream high quality and insightful data on the maintenance status of equipment directly to equipment operators. This insight enables the identification of the precise point at which oil has reached the end of its life and needs to be changed, detection of the early stages of equipment issues prior to damage, a general improvement in the reliability and operating longevity of the equipment and helps reduce carbon footprint through the prevention of earlier than required oil changes.

Tan Delta has initially focused on a sub-set of the global rotating equipment market, being the large commercial and heavy industrial segment such as shipping, mining, construction, and power generation.

With an expected return on investment of six to nine months and ongoing annual savings of at least 30 per cent., depending on the specific equipment and application, the Directors believe the Tan Delta’s real time OCM solution is compelling.

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<sup>1</sup> Based on 2022 figure from Precedence Research, Global sensor market size



The Company will continue to target the large commercial and heavy industrial segment but also intends to integrate the technology into lower cost sensor platforms to enable targeting of higher volume market segments such as light commercial and automotive, where the Company has already had discussions with some well-known European automotive companies.

#### 4.2 **How it works**

As equipment operates, oil provides lubrication. Over time the oil wears and its ability to provide lubrication degrades – ultimately to the point where the oil cannot provide the lubrication required and needs to be replaced. In addition to this continuous degradation, during equipment operation, oil can become contaminated due to issues both outside and inside of the equipment and this can cause a sudden and dramatic loss of lubrication capability. When oil loses its lubrication capacity, equipment runs inefficiently with higher emissions, mechanical parts seize causing equipment failure, damage, and expensive downtime.

Most equipment is maintained on a fixed time-based rota, rather than on a ‘need’ basis. This is inherently inefficient and risky as any contamination or accelerated wear between maintenance points is undetected and can cause significant problems. Tan Delta believes that on average a typical time-based maintenance schedule results in equipment being maintained and oil changed with at least 25 per cent.<sup>1</sup> of its useful life remaining; meaning that an opportunity exists to reduce oil consumption by 25 per cent.

The importance and relevance of oil condition is well recognised. This has created a significant market for offline, lab-based, oil sample testing, as well as growing demand for oil quality sensors. Lab sample analysis is expensive and cumbersome as it requires an engineer to physically visit the equipment, take a sample and send it to a lab which can then take several weeks for the results to be provided. The Directors believe, based on their own market analysis and knowledge of different oil monitoring sensor types, that other oil sensors in the market do not provide the same functionality and performance as Tan Delta and thus provide a different level of insight, primarily due to their limited detection and spectrum capabilities. Tan Delta’s sensor technology is able to detect a wide spectrum of contamination and wear, with a detection sensitivity of 0.01 per cent. in real time, delivering data with significant insight on the operating and maintenance condition of equipment.

The use of sensors on equipment is recognised as the most efficient and effective solution to monitoring equipment and optimising efficient operation and has resulted in a global sensor market worth an estimated \$200 billion<sup>2</sup>. Tan Delta is targeting a sub-set of this global market which the Directors believe is a compelling and differentiated offer that solves a fundamental problem. The Board foresees a significant market opportunity as equipment operators continue to seek operating cost reductions, improvements in reliability and equipment life, and a reduction in carbon footprint which is now the subject of increasing legislation. Tan Delta’s real time oil condition analysis sensor solutions solve these issues by providing continuous monitoring of equipment oil condition, with alerts to contamination and accurate pinpointing of oil end of life, all at a lower cost.

#### 4.3 **Products**

Tan Delta’s development of new real time oil analysis technology has enabled the development and production of an initial range of products which are now in commercial production and being purchased and used by a growing number of customers and end users worldwide. The product range is summarised into three categories:

1. *Sensors*: currently two sensors built upon the Tan Delta core technology, both designed for use in heavy commercial and industrial applications. The G2-Sensor is for standard zone applications and G2-ATEX is for installation in hazardous areas as is typical in oil and gas sectors.
2. *Kits*: these are complete solutions which are built around the core sensor offer and provide a complete turn-key oil analysis solution which come with a display or PC display software. The two main kit offerings are the G2-Express, which includes a sensor and a data analytic display, and the G2-MOT, which enables instant onsite oil sampling analysis for mobile crews and workshops.

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<sup>1</sup> Based on evaluation of gearbox used in Heavy-Duty Truck E-Axle with oil analysis data

<sup>2</sup> Based on 2022 figure from Precedence Research, Global sensor market size

3. *Monitoring and data analytic solutions:* this is a nascent service offer in the early stages of development for Tan Delta whereby customers will pay a simple monthly subscription fee and be able to track their equipment and oil status online.

### *Sensors*

Tan Delta's core technology analyses the electrochemical properties of oil by detecting and measuring changes to its condition due to wear and/or contamination. Tan Delta's sensors specifically measure permittivity, conductivity and capacitance of the oil and applies analytic algorithms to provide an accurate statement of oil condition.

The sensor works by transmitting radio frequencies through the oil which change according to the state of the oil and thus, with additional analytics, enable an accurate understanding of the overall oil condition. This happens several times per second, in real time, with a sensitivity to oil condition change of approximately 0.01 per cent.

This real time analysis provides the user with a simple numerical output which states the condition of the oil as at that point in time, or the raw data which can be further analysed to provide deeper insight. This level of accuracy and the real time updates enable reliable tracking of the oil as its condition degrades and thus the ability to accurately extrapolate this trend through to determination of the end of the useful life of the oil and optimal maintenance point.

This technology has been engineered into Tan Delta's first two commercial sensor products: G2-Sensor and G2-ATEX targeting large commercial and industrial applications. The future development roadmap anticipates this technology being further improved and miniaturised to enable a range of sensors that are suitable for large scale light commercial and automotive applications.

Tan Delta's sensor solutions provide a number of key benefits to equipment operators, including:

- Maintenance optimisation – sensors eliminate unnecessary time scheduled maintenance, through optimised maintenance scheduling by monitoring actual equipment and oil condition;
- Advance fault detection – sensors recognise early signs of issues before equipment damage occurs to enable pre-emptive maintenance and reduce breakdowns and crucially downtime;
- Event identification – sensors can see the effects of oil changes, top-ups and sweetening (partial oil change) events assisting operators in managing their assets; and
- Environmental (ESG) – reduced carbon footprint due to less oil being used, spare parts and maintenance activities, coupled with increased equipment life and efficiency.

These benefits are captured through all sensor products, with the key difference being in the usage and application of each sensor, as summarised below:

### **G2-Sensor**



The G2-Sensor is Tan Delta's first commercially available real time oil condition analysis sensor. It is designed to be easily fitted to almost any large commercial or industrial asset operating in a range of environments and oil types.

### **G2-ATEX**



G2-ATEX is an evolution of the G2-Sensor to meet demand from the oil and gas sector. This sensor is ATEX Zone 2 certified which enables it to be installed in hazardous areas where there is a risk of explosion.

### **G2-IM – concept in development**



Tan Delta is at the early stages of integrating its technology into a new range of sensors which specifically target high volume cost sensitive applications such as the automotive sector. The G2-IM is expected to commence initial trial adoption shipments in 2025.

Each of Tan Delta's sensors can be designed-in to equipment (OEM) or retrofitted and tailored with data analytic options. The sensors can be applied to a range of major oil application segments, including power engines, gearboxes, hydraulics, insulators using wiring harnesses and manifolds. Tan Delta's G2-Sensors are certified by the inspection and certification company, SGS.

#### *Kits*

##### **G2-EXPRESS**



The G2-Express kit provides a one-stop solution for a single asset monitoring and comprises a G2-Sensor and OQD Express display. The G2-Express kit displays oil quality, temperature, forecast time until next service and any relevant information/fault codes, continuously logging up to 800,000 records of oil quality data which can be downloaded for analysis.

##### **G2-MOT**



The G2-MOT (Mobile Oil Tester) kit includes the G2-Sensor, software and accessories, allowing customers to maximise the benefits of the G2-Sensor by providing an instant, simple to use, view of the quality of the oil being sampled. The G2-MOT kit is also fully portable, making it transportable for both workshop and field maintenance crews.

#### *Monitoring and data analytics*

Tan Delta currently offers a modem that allows sensor data to be streamed to the cloud. The Company is currently developing a full cloud-based solution which is anticipated to enable customers to view their asset condition from anywhere, instantly online with Tan Delta receiving a recurring subscription fee.

#### *Accessories*

Tan Delta has developed a range of accessories which enable easy installation of the sensors – these range from cables to manifolds.

## **4.4 Customers**

Following the launch of its first commercial product range in 2020, Tan Delta has started to build up a customer and end user base across multiple market application segments within the large commercial and industrial sectors. Many of these customers are recurring buyers of Tan Delta's products. The current customer and end users base is in its early stages and has been achieved with minimal sales and marketing resources; accordingly the Company expects that, with increased investment in sales and marketing together with a larger range of products, its customer and end users base will grow considerably in the years ahead.

Shell is currently the Company's most notable customer, however, Tan Delta also has important early relationships with companies such as Komatsu, Petronas, Schlumberger, Wärtsilä and many other well-known multi-nationals.

One of the Company's major customers, a global multi-billion dollar company, has implemented Tan Delta sensors into a bespoke product offering for their own clients and end users. This customer's offering is currently in the early phase of global rollout and is targeted at optimising end users oil usage, reduce their carbon footprint whilst also improving equipment reliability.

Other notable case studies include:

- Schlumberger which is integrating sensors into key components (engine, transmission, hydraulics, and power end) on their fracking rigs;
- Wärtsilä with whom Tan Delta has two concurrent projects, one to integrate their sensor into the cylinders of large ship engines and another to monitor Wärtsilä's line of four stroke power generation engines;
- Halliburton (via a Tan Delta distributor partner) whose field maintenance teams are users of the G2-MOT kit; and
- Innio who have designed in Tan Delta's sensor on their Type 6 gas engines.

Tan Delta also has a growing network of distributors that include Neptunus (India), Des-case (USA, Europe) and Filtertechnik (UK) with individual end users purchasing sensors and retrofitting onto a wide range of equipment.

The Company expects to significantly expand its sales and market activities following Admission and to accelerate the growth of both its OEM and distributor customer portfolio worldwide.

#### 4.5 **Competing products**

The \$200 billion global sensor market<sup>1</sup> includes several competing OCM sensors which are targeting the same market opportunity as Tan Delta.

The Board consider there to be three main credible competitors who have each developed a real time OCM sensor: Poseidon and Parker Hannifin in the US and HYDAC group in Germany. However, Tan Delta believes that it has a superior product derived from the core technology that underpins its sensors. Fundamentally, the Directors believe, based on their own knowledge of other oil monitoring sensors, that a Tan Delta sensor is the only sensor that provides a wide spectrum analysis of oil condition in real time – others look at more specific parameters and ignore others. This holistic analysis capability of Tan Delta's sensors combined with the analysis sensitivity of 0.01 per cent. (which enables very high accuracy and oil condition trending capabilities), differentiate their products and provides customers with a substantially differentiated offer with additional user benefits. Moreover, traditional condition based monitoring methods such as vibration, ultrasound and thermography cannot assess the condition of the oil.

The below table\*\* summarises the different oil monitoring sensor types and the benefits and functionality they can deliver, alongside highlighting the broad range of benefits Tan Delta's sensors offer:

<b>Technology</b>	<b>Trend New to End of Life</b>	<b>Analog Interface</b>	<b>Actionable Data</b>	<b>Real Time</b>	<b>Detect Complex Failures</b>	<b>High Resolution</b>
Tan Delta	Yes	Yes	Yes	Yes	Yes	Yes
Particle Counter	No	No	Yes	Yes	No	Yes
Wear Debris	No	No	Yes	Yes	No	Yes
Dielectric	No	Yes	No	Yes	No	No
Turning Fork	No	No	No	Yes	Yes	No
EIS*	No	No	Yes	Yes	Yes	No

\* Electrochemical Impedance Spectroscopy

\*\* Based on the Directors' own knowledge of different oil monitoring sensor types and analysis conducted by Tan Delta.

## 5 **MANUFACTURING AND SUPPLY CHAIN**

The Company fully outsources production to a specialist contract manufacturer.

Successful manufacture of Tan Delta's sensors and other products is not complex, nor does it rely on specialist components. However, part of the IP of the Company relates to its production process which is specified by Tan Delta and followed by its manufacturer.

The current annual manufacturing capacity is approximately 6,000 sensors, equating to around £6 million of potential revenue<sup>2</sup> (equivalent to 3.8 times FY22 revenue). The Directors believe this capacity can be increased to 20,000 units with a six month lead time, given capital expenditure of £50,000 for each additional 5,000 per annum production capacity required. Tan Delta owns all of the tooling involved in production and have complete control of the manufacturing process. Production is batch-based, with around two-thirds of the product requiring final manual bench assembly. Each unit is subject to layers of testing during the manufacturing process and a final product test prior to dispatch to Tan Delta for onward distribution to customers.

<sup>1</sup> Based on 2022 figure from Precedence Research, Global sensor market size

<sup>2</sup> Based on a price per sensor (including accessories) of £1,000



The manufacturer also procures and manages component and sub-assembly supply chains alongside undertaking final product assembly and testing in accordance with Tan Delta's product design and specifications. The Tan Delta production support team work closely with the manufacturer, both in terms of components used, but also component order lead times.

## **6 INTELLECTUAL PROPERTY AND KNOW-HOW**

The Company has a portfolio of IP, which has been accumulated through the technology and product development process. This covers a variety of areas including electronic design, software, algorithms, and production techniques. The Directors believe that much of the IP is naturally protected as it is held within the Company and not in public view. Accordingly, the Company has to date focused much of its resources internally on developing and productionising its technology and proving the Company's market rather than devoting time, money and publicly exposing its technology through patenting. However, as the Company's resources expand and its customer relationships mature, it may selectively patent critical IP as well as other new IP that is expected to be developed by the Company.

The Directors believe that each of the following key areas of know-how and expertise are where the Company holds an IP differentiated position:

- *Fluid Detection Circuitry*: provides a rudimentary insight into building a device capable of recording the degradation of oil and the know-how with the electronics-build of the sensor;
- *Sensor normalisation process and sensor calibration method*: these two processes have been created by the Company in order to make the Fluid Detection Circuitry useable for its intended purpose. The Company has specialist knowledge and know-how of calibration routines for installation and ongoing use;
- *Data Analysis Code*: allows the user of the data obtained from oil measurement to provide value in terms of whether oil readings reveal contamination that should result in further equipment maintenance;
- *Temperature Compensation Algorithm*: reduces the volatility of measurements recorded in respect of oil degradation, whereby small temperature changes externally can influence the data collected – as such, this reduces 'noise' from the dataset collected;
- *Knowledge of the science of oil condition*: including how and what oils to extract and measure; and
- *Deployment and in-field expertise*: the Company has built up significant expertise within in-field support and services.

## **7 GROWTH STRATEGY AND USE OF PROCEEDS**

### **7.1 Growth strategy**

Tan Delta's growth strategy is centred around two key areas:

- substantially increased sales and marketing activities to grow sales of existing products to the large commercial and industrial segment; and
- accelerate new product development to expand revenue streams within the existing target market segment and open new market segments such as light commercial and automotive.

**Sales and marketing:** to date the Company has undertaken limited sales and marketing, being purposefully commensurate with the Company's capacity to support customers. Now that the core product range is in established production with critical customer and market references, an established business platform exists upon which wider (market vertical and geographic) activity can be based. This will entail deploying more resources to existing customers in order to drive sales growth through their established sales channels, whilst also targeting new customers and markets. More specifically, the Company intends to employ up to three new business development people, increase its product marketing including more targeted sector specific marketing, and attend strategic exhibitions. This activity will build on the Company's existing direct, OEM and distributor customer base.

**New product development:** products such as the G2-Express kit and G2-MOT kit provide new market opportunities. Additionally, the Company will start to develop an initial cloud-based subscription offer which can be taken to market quickly and develop a new revenue stream. In the medium term, a new

sensor (G2-IM) will be developed, targeting the cost-sensitive light commercial and automotive segments, which will enable inquiries received from some major car and light truck manufacturers to be progressed.

## 7.2 Use of proceeds

The gross proceeds of the Placing to be received by the Company are approximately £6m and will be used to help execute the Company's growth strategy, allocated as follows:

- *Sales and marketing (c.£1.5m) – new business development personnel focused on Europe, Asia and North America, improved product marketing, active marketing to target user segments, strategic exhibitions, and customer demonstrations;*
- *Product development (c.£2m) – creation of an online monitoring service and the development of a new G2-IM sensor – anticipated to take two years; and*
- *Working capital (c.£2.5m) – general working capital to support the expansion of production and strength balance sheet and repay the outstanding balance under the Company's existing Coronavirus Business Interruption Loan (approximately £48,000 to be paid from existing cash resources).*

The Directors also believe that a stronger balance sheet created as a result of the Placing of New Shares, together with the associated improved profile and recognition of corporate governance and other standards required of a public company, will enhance the Company's prospects of engaging with more blue-chip customers. Admission will also enhance the Company's ability to incentivise key employees through the granting of options or other such arrangements.

## 8 SELECTED HISTORICAL FINANCIAL INFORMATION

The following financial information has been derived from the financial information contained in Part IV of this Document (Historical Financial Information) and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information set out below.

	<i>FY20</i>	<i>FY21</i>	<i>FY22</i>
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	1,048	1,021	1,575
Gross profit	655	647	990
Profit after tax	37	23	282
Net assets	191	214	496

The Company has demonstrated consistent turnover over the three-year period to 31 December 2022, with revenue growth of 54 per cent. for FY22. Revenue for FY20 and FY21 was lower than anticipated due to COVID-19 related supply chain issues, in particular relating to the global semiconductor shortage, which have now eased. The Company has also generated positive profit after tax in each of FY20, FY21 and FY22.

During the period 1 January 2020 to 31 December 2022, the Company has not proposed or paid any dividends.

## 9 CURRENT TRADING AND PROSPECTS

In the six months ended 30 June 2023, revenues grew year on year by 54 per cent. to £0.96 million\* generating profit before tax of £0.16 million\* (excluding Fundraising and Admission related costs incurred during the period). The Company expects growth in the second half of the year to be driven by sensor sales from existing projects and customers, and from the scheduled global launch of its G2-Express kits and the G2-MOT kits in Q3 2023. The Company's cash position as at 30 June 2023 was approximately £330,000\*.

\*Unaudited management accounts prepared under UK GAAP FRS102 accounting standards.

## 10 DIRECTORS

With effect from Admission, the Board will consist of two Executive Directors and two Non-Executive Directors, details of whom, are set out below.

As at the date of this Document, Simon Richard Tucker and Christopher John Greenwood are directors of the Company. Stephen Dean Johnson and Timothy John Croston are proposed directors, whose appointment to the Board will take effect on Admission.

The following table lists the names, ages, positions, and dates of appointment as a statutory director for each Director:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date appointed</i>
Simon Tucker	53	Non-Executive Chairman	16 May 2013
Christopher Greenwood	57	Chief Executive Officer	1 February 2010
Stephen Johnson	38	Chief Financial Officer	Admission
Timothy Croston	60	Independent Non-Executive Director	Admission

The management expertise and experience of each of the Directors is set out below:

### ***Simon Richard Tucker (53) – Non-Executive Chairman***

Simon is Non-Executive Chairman of the Company, having joined and invested in the Company in 2011. Simon has extensive experience of building and scaling technology based international companies and is currently Chief Executive Officer of AIM quoted SRT Marine Systems plc which he has grown from a market capitalisation of £24m to over £100m.

### ***Christopher John Greenwood (57) – Chief Executive Officer***

Chris is a co-founder and the Chief Executive Officer of the Company. Chris is an experienced director of industrial technology businesses. Previously, Chris was a co-owner of Redspire Limited and a director at Drive Management Services Limited.

### ***Stephen Dean Johnson (38) – Chief Financial Officer***

Steve has over 14 years of professional experience, having worked as Head of Finance for other manufacturing and electronic companies including CODEL International Limited and Tribosonics Limited. Steve qualified as a certified chartered accountant in 2013 and joined the Company in 2020.

### ***Timothy John Croston (60) – Independent Non-Executive Director***

Tim has over 30 years' finance experience which was gained by working across both the UK and US, which included three years as CFO of AIM listed LBG Media plc, including managing the company's successful IPO in December 2021, and ten years as CFO of Nichols plc (Vimto soft drinks). During his period at Nichols plc, the market capitalisation of the company grew from c.£110 million to over £509 million. Tim was also responsible for investor relations and oversaw five successful acquisitions. Previous roles include Non-Executive Director and Audit Committee Chair at The Riverside Group Limited from 2017 to 2020. Tim is a qualified accountant (ACCA 1992, FCCA 1998).

Charles Robert Vivian was expected to join the Company as an independent Non-Executive Director on Admission, but due to recent and unforeseen family circumstances, has decided he is no longer in a position to accept the role. Consequently, the Company has initiated the search for a further independent Non-Executive Director to join the Company and expects to make such appointment within three months of Admission.

## 11 THE PLACING, THE PLACING AGREEMENT AND THE SELLING SHAREHOLDER AGREEMENT

### 11.1 ***The Placing***

The Company has raised approximately £6.0 million (before expenses) by way of a conditional placing by Zeus, as agent of the Company, of the New Shares, at the Placing Price, with institutional investors. In addition, the Placing has also raised approximately £0.35 million (gross) for the Selling Shareholders through the conditional placing of the Sale Shares with investors at the Placing Price. The Placing is

conditional on, *inter alia*, Admission becoming effective by no later than 08.00 a.m. on 18 August 2023, or such later date as the Company and Zeus may agree being no later than 31 August 2023.

The New Shares will represent approximately 31.5 per cent. of the Enlarged Share Capital at Admission, and will be EIS/VCT qualifying.

The Sale Shares will represent approximately 1.8 per cent. of the Enlarged Share Capital at Admission and will not be EIS/VCT qualifying.

The PrimaryBid Offer Shares will represent approximately 1.17 per cent. of the Enlarged Share Capital at Admission and will not be EIS/VCT qualifying.

### 11.2 **The Placing Agreement**

Pursuant to the Placing Agreement, Zeus has conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for New Shares at the Placing Price. The Company and the Directors have given certain representations, warranties and undertakings (and the Company has given an indemnity) to Zeus, all of which are customary for this type of agreement.

The Placing of the New Shares, which is not underwritten, is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 18 August 2023 (or such later date as Zeus and the Company may agree, being no later than 31 August 2023).

The New Shares being subscribed for pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue (including the Sale Shares and the PrimaryBid Offer Shares) and will participate in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company after Admission. The New Shares will, immediately on and from Admission, be freely transferable.

Zeus has the right to terminate the Placing Agreement and not proceed with the Placing of News Shares if, prior to Admission, certain events occur including a material breach of the Placing Agreement by the Company or the Directors and the occurrence of certain force majeure events. If such right is exercised by Zeus, the Placing will lapse and any monies received in respect of the Placing of News Shares will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 16.1.2 of Part V of this Document.

### 11.3 **Selling Shareholder Agreement**

Pursuant to the Selling Shareholder Agreement, Zeus has conditionally agreed, as agent for the Selling Shareholders, to use its reasonable endeavours to procure purchasers for Sale Shares at the Placing Price. The Selling Shareholders have given certain warranties and indemnities to Zeus which are customary for this type of agreement.

The Placing of the Sale Shares, which is not underwritten, is conditional, *inter alia*, on:

- the Selling Shareholder Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 18 August 2023 (or such later date as Zeus and the Company may agree, being no later than 31 August 2023).

The Sale Shares purchased pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the other Ordinary Shares in issue (including the New Shares and the PrimaryBid Offer Shares) and will participate in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company after Admission. The Sale Shares will, immediately on and from Admission, be freely transferable.

Zeus has the right to terminate the Selling Shareholder Agreement and not proceed with the Placing of the Sale Shares if, prior to Admission, certain events occur including a breach by any of the Selling

Shareholders of any of their obligations under the Selling Shareholder Agreement or the Placing Agreement is terminated in accordance with its terms. If such right is exercised by Zeus, the Placing (either as a whole or just as regards the Sale Shares) will lapse and any monies received in respect of the New Shares or the Sale Shares (as applicable) will be returned to investors without interest.

Further details of the Selling Shareholder Agreement are set out in paragraph 16.1.3 of Part V of this Document.

## **12 PRIMARYBID OFFER**

The PrimaryBid Offer consists of an offer of Existing Ordinary Shares solely to retail investors resident and principally located in the UK through PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms, on the basis of the information set out in this Document and any additional terms and conditions which apply to registered users of PrimaryBid or clients of PrimaryBid's network of retail brokers, wealth managers and investment platforms (as applicable).

Applicants in the PrimaryBid Offer were allocated PrimaryBid Offer Shares equal to an aggregate amount of £223,341.56 (before commission and expenses) at the Placing Price. Applicants for PrimaryBid Offer Shares had to apply for a minimum investment of £500. Applications could only be made in pounds sterling. The latest time for submission of an application in the PrimaryBid Offer was 5.00 p.m. on 9 August 2023. Successful applications in the PrimaryBid Offer will be settled on or shortly after Admission.

As the arranger of the PrimaryBid Offer, PrimaryBid will be paid a commission by the PrimaryBid Offer Selling Shareholders on the proceeds from the PrimaryBid Offer. The Company will not receive any proceeds from the PrimaryBid Offer. The PrimaryBid Offer is not being underwritten.

The PrimaryBid Offer Shares will represent approximately 1.17 per cent of the Enlarged Share Capital on Admission. The PrimaryBid Offer Shares will, on Admission, rank *pari passu* in all respects with the New Shares and the other Existing Ordinary Shares in issue (including the Sale Shares), including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares after Admission, and will be transferred by the PrimaryBid Offer Selling Shareholders free of all liens, charges and encumbrances. No stamp duty or stamp duty reserve tax will be payable by purchasers of the PrimaryBid Offer Shares.

The principal terms of the PrimaryBid Engagement Letter are summarised in paragraph 16.1.1 of Part V of this Document.

## **13 LOCK-IN AND ORDERLY MARKET ARRANGEMENTS**

Pursuant to the Lock-In Agreement each of the Locked-in Persons has undertaken to the Company and Zeus, subject to customary exemptions and/or with the permission of Zeus:

- for a period of 12 months from Admission, not to dispose of any interest in the Ordinary Shares held by them, other than pursuant to the Placing and/or the PrimaryBid Offer; and
- for a further period of 12 months, to comply with certain requirements designed to maintain an orderly market in the Ordinary Shares.

Further details of the Lock-in Agreement are set out in paragraph 16.1.5 of Part V of this Document.

## **14 EIS AND VCT STATUS**

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

The Company has received independent advice that the New Shares should be a qualifying holding for the purposes of the VCT Legislation. However, prospective investors should note that the Company does not



make any representations as to whether any investment in the Company will be one in respect of which tax relief under VCT rules will be available or that any such tax relief will not subsequently be withdrawn by virtue of the Company's future actions.

The status of the New Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. The status of the New Shares as a VCT qualifying holding will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership. There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for EIS and/or VCT purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Company are not served by seeking to retain such status). Further, the conditions for EIS Relief and to be a VCT qualifying holding are complex and relevant investors are recommended to seek their own professional advice before investing.

Further information on the EIS status of the New Shares is set out in paragraph 20.1.7 of Part V of this Document.

## **15 TAXATION**

Information regarding taxation is set out in paragraph 20 of Part V of this Document. These details are intended only as a general guide to the current tax position in the UK.

**If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.**

## **16 ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for the Enlarged Share Capital (including the Placing Shares and the PrimaryBid Offer Shares) to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 18 August 2023.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Ordinary Shares in uncertificated form, Ordinary Shares are expected to be credited to their CREST stock accounts on 18 August 2023. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be dispatched by post to such Shareholders by no later than 1 September 2023.

In the case of investors receiving PrimaryBid Offer Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited for the PrimaryBid Offer Shares with effect from 18 August 2023. In the case of investors receiving PrimaryBid Offer Shares in certificated form, it is expected that share certificates will be despatched by post within 14 days of Admission.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST from the date of Admission.

## **17 INTERESTS IN SHARES**

Upon Admission, the Directors will in aggregate be interested in, directly and indirectly, 14,203,029 Ordinary Shares representing approximately 19.40 per cent. of the Enlarged Share Capital. Further information regarding the Directors' interests in Ordinary Shares is set out in paragraph 8 of Part V of this Document.

## 18 CORPORATE GOVERNANCE

The Board recognises the value and importance of high standards of corporate governance and intends to observe the requirements of the QCA Code.

Further details on how the Company intends to comply with the QCA Code are set out in Part II of this Document. Immediately following Admission, the Board will comprise four Directors, two of whom shall be Executive Directors and two of whom shall be Non-Executive Directors, reflecting a blend of different experience and backgrounds. Tim Croston is considered independent. The Board will be responsible for the overall management of the Company including the formation of and approval of the Company's long-term objectives and strategy, the approval of budgets, the oversight of Company operations, the maintenance of sound internal control and risk management systems and the implementation of the Company's strategy, policies and plans.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors will receive appropriate and timely information. Briefing papers will be distributed to all directors in advance of Board meetings. All directors will have access to the advice and services of the Chairman, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

As set out in paragraph 10 of Part I of this Document, the Company was intending to appoint two independent Non-Executive Directors on Admission, however due to recent and unforeseen family circumstances, one of the Proposed Directors is no longer in a position to accept the role. Consequently, the Company has initiated the search for a further independent Non-Executive Director to join the Company and expects to make such appointment within three months of Admission.

### 18.1 **Board Committees**

The Company will, upon Admission, have established an Audit Committee and a Remuneration Committee.

#### *Audit Committee*

On Admission, the Audit Committee will comprise and be chaired by Tim Croston, with an additional independent Non-Executive Director expected to join the Audit Committee as a member within three months of Admission, once appointed to the Board. The Audit Committee is expected to meet at least three times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee will have unrestricted access to the Company's external auditors. The Audit Committee also has responsibility for ensuring that the Company has in place the procedures, resources and controls to enable compliance with the AIM Rules for Companies and MAR.

#### *Remuneration Committee*

On Admission, the Remuneration Committee will comprise and be chaired by Tim Croston until an additional independent Non-Executive Director is appointed to the Board. The additional independent Non-Executive Director is expected to join the Board within three months of Admission and will replace Tim Croston as chair of the Remuneration Committee, however Tim Croston will continue to be a member of the Remuneration Committee. It is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, the chairman, the executive directors and other senior management. The Remuneration Committee also has responsibility for determining the total individual remuneration package of the chairman, each executive director, and other senior management (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Company's remuneration policy and in consultation with the chairman of the Board and/or the Chief Executive Officer. No Director or manager may be involved in any discussions as to their own remuneration. The

Board itself or, where required by the Articles, the shareholders of the Company will determine the remuneration of the non-executive directors within the limits set out in the Articles.

## 18.2 **Share Dealing Code**

The Directors understand the importance of complying with the AIM Rules for Companies relating to dealings by directors and certain other employees of the Company in the Ordinary Shares and has established a share dealing code with effect from Admission. The share dealing code will apply to any person discharging managerial responsibilities, including the Directors and senior management and any closely associated persons and applicable employees. The share dealing code imposes restrictions beyond those that are imposed by law (including by the FSMA, MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have. The share dealing code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules for Companies relating to the Company maintaining a reasonable and effective dealing policy, which incorporates the requirements of MAR and will take reasonable steps to ensure compliance by the Company's employees.

## 19 **DIVIDEND POLICY**

The Directors intend to re-invest a significant portion of the Company's earnings to facilitate plans for further growth. Accordingly, whilst the Directors do not expect to declare any dividend in respect of the current financial year or the foreseeable future, it is the Board's intention, should the Company generate a sustained level of distributable profits, to consider a progressive dividend policy in future years.

Declaration of dividends will always remain subject to all applicable legal and regulatory requirements and recommendations of final dividends and payments of interim dividends will be at the discretion of the Board. The Board will only exercise such discretion where it is commercially prudent to do so, taking into account the policy set out above. Whilst the Board considers dividends as the primary method of returns to Shareholders, it may, at its discretion, consider share purchases, when advantageous to Shareholders and where permissible. The Company may revise its dividend policy from time to time.

## 20 **TAKEOVER CODE**

The Takeover Code is issued and administered by the Panel and governs amongst other things, transactions involving companies to which the Takeover Code applies. The Takeover Code applies to the Company and therefore its Shareholders are entitled to the protection afforded by the Takeover Code. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage interest in the Company's shares.

Within the definition of persons acting in concert within the Takeover Code, certain categories of person are presumed to be acting in concert with each other, with that presumption capable of being rebutted subject to consultation with and the agreement of the Panel. Presumption (9) of this definition presumes that all shareholders in a private company who, following re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies, shall be presumed to be acting in concert unless the contrary is established. As such, a concert party is deemed to be established between the pre-Admission shareholders, comprising Simon Tucker, Christopher Greenwood, Simon Rogers, Jonathan Horne, Richard Booth, Robert and Amanda Persey and Stephen Pearce (together, the "**Concert Party**").

Following Admission, members of the Concert Party will be interested in approximately 65.48 per cent. of the voting rights of the Company which will be held as follows:

<i>Name</i>	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>
Simon Rogers	11,999,100	23.93%	11,351,449	15.50%
Jonathan Horne	11,997,990	23.92%	11,350,400	15.50%
Simon Tucker	9,963,360	19.87%	9,425,589	12.87%
Richard Booth	6,891,990	13.74%	6,519,996	8.90%
Christopher Greenwood	4,777,440	9.53%	4,777,440	6.52%
Robert and Amanda Persey	3,182,370	6.35%	3,182,370	4.35%
Stephen Pearce	1,337,550	2.67%	1,337,550	1.83%
	<u>50,149,800</u>	<u>100.00%</u>	<u>47,944,794</u>	<u>65.48%</u>

Following Admission, the members of the Concert Party will between them hold more than 50 per cent. of the issued voting share capital of the Company and (for so long as they continue to be treated as acting in concert) may accordingly increase their aggregate interests in the Company's shares without incurring any further obligation under Rule 9 of the City Code to make a general offer although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold (between an interest of 30 per cent. and a holding of 50 per cent. of the Company's shares carrying voting rights) without Panel consent.

## **21 RISK FACTORS**

Your attention is drawn to the risk factors set out in Part III of this Document. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in Part III before making a decision to invest in the Company.

## **22 ADDITIONAL INFORMATION**

You should read the whole of this Document and not just rely on the information contained in this Part I.

Your attention is drawn to the information set out in Parts II, III, IV and V of this Document which contain further information on the Company.

## PART II

### CORPORATE GOVERNANCE

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

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

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

The Company's business model and strategy is set out in Part I of this Document. The Directors believe that the Company's model and growth strategy, which includes the continued winning and delivery of sensor solution contracts, as well as expansion into complementary markets, will promote long-term value for shareholders.

#### **Principle 2: Seek to understand and meet shareholder needs and expectations**

Prior to Admission, the Company's executive management undertook a roadshow which has informed the Company as to its Shareholders' expectations following Admission.

Following Admission, the Company's annual reports and notices of annual general meeting ("AGM") will be sent and/or be available to Shareholders for download from the Company's website.

The Company will maintain an active dialogue with both institutional and private Shareholders, who will be kept up to date by announcements made via a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will also be announced via a Regulatory Information Service. In addition, the Company intends to communicate with Shareholders via investor interviews and presentations, giving them the opportunity to participate in Q&A.

The Company's AGM will be an opportunity for Shareholders to meet with the Chairman and other members of the Board. The meeting is open to all Shareholders, giving them the option to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of each AGM will be announced via a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored, and the Company intends to engage with Shareholders who vote significantly against resolutions at AGMs to understand their motivation.

There is also a designated email address for investor relations, [info@tandeltasystems.com](mailto:info@tandeltasystems.com), and a responsible persons contact details are included on the Company's website.

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

The Company takes its corporate social responsibilities, including its wider ESG responsibilities, very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, employees, customers, suppliers and the communities in which the Company operates, in order to achieve long term success.



The Directors will maintain an open and ongoing dialogue with the Company's stakeholders to help promote the long-term success of the Company.

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

The principal risks associated with the Company's current business and operations are set out in Part III of this Document. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage those risks following Admission.

The risks and the specific uncertainties facing the Company will be regularly monitored and the Board will formally review such risks at regular intervals and adapt them as the Company's operations grow and evolve. All proposals reviewed by the Board will include a consideration of the risks relevant to the proposal. Where necessary, the Board will draw on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risks.

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

On Admission, the Board will comprise the following persons:

- Non-Executive, Non-Independent Chairman;
- One Independent Non-Executive Director; and
- Two Executive Directors.

The biographies of the Directors are set out in paragraph 10 of Part I of this Document. Tim Croston is considered to be independent and was selected with the objective of bringing experience and independent judgement to the Board.

As set out in paragraph 10 of Part I of this Document, the Company was intending to appoint two independent Non-Executive Directors on Admission, however due to recent and unforeseen family circumstances, one of the Proposed Directors is no longer in a position to accept the role. As the Board should have an appropriate balance between executive directors and non-executive directors, the Company expects to appoint an additional independent Non-Executive Director within three months of Admission.

The Board is also supported by the Audit Committee and the Remuneration Committee, further details of which are set out in paragraph 18.1 of Part I of this Document. The Company will not have a nomination committee at Admission but the Board will keep its composition under regular review, taking into account the relevant skills, experience, independence, knowledge and gender balance of the Board. The Board will continue to review whether a nomination committee would be beneficial as the Company develops. The Directors will be subject to retirement by rotation at every AGM of the Company as set out in the Articles. Paragraph 6.18 of Part V of this Document contains further information about the Directors' retirement by rotation.

The Board will meet regularly and hold at least 6 board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

The Company is satisfied that, with the appointment of an additional independent Non-Executive Director which is expected to happen within three months of Admission, the Board will be sufficiently resourced going forwards to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional executive and/or non-executive directors as the Company fulfils its growth objectives.

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

The skills and experience of the Directors are summarised in their biographies set out in paragraph 10 of Part I of this Document.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Directors' experience is varied and will help to maintain a balanced board that has the appropriate level and range of skills to enable the Company to progress. The Company expects to appoint an additional independent Non-Executive Director within three months from Admission to ensure diversity in skills and experience and that the Board has an appropriate balance between executive and non-executive directors to foster an attitude of independence of character and judgement. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to a meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules for Companies.

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

The Directors will consider seriously the effectiveness of the Audit Committee and the Remuneration Committee, and the individual performance of each Director.

Post-Admission, the Company intends to establish a formal process for the regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. Until then, the Non-Executive Chairman is responsible for ensuring an effective Board.

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

The Company has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Company are expected to operate in an ethical manner in all of their internal and external dealings.

The Company's staff handbook and policies promote this culture and cover such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Company, and for ensuring that such values and behaviours guide the objectives and strategy of the Company.

The culture is led by the Board and is regularly considered and discussed at Board meetings.

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

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the Company's executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit Committee and the Remuneration Committee, further details of which are set out in paragraph 18.1 of Part I of this Document. Whilst the Board may delegate specific responsibilities to the Audit Committee and then Remuneration Committee, there will be a formal schedule of matters specifically reserved for consideration and decision by the full Board.

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

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

The Board is committed to maintaining effective communication and having constructive dialogue with its Shareholders. The Company intends to have ongoing relationships with both its private and institutional Shareholders (through meetings and presentations) as well with analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Directors.

The Company's corporate governance statement (which sets out how it complies with the QCA Code) and the information that will be contained in the Company's annual reports and accounts will provide details to

all stakeholders on how the Company is governed. The Board views the annual reports and accounts as well as its half year reports as key communication channels through which progress in meeting the Company's objectives and updating its strategic targets can be given to Shareholders following Admission.

Additionally, the Board will use the Company's AGMs as a primary mechanism to engage directly with Shareholders, to give information and receive feedback about Tan Delta's governance and its progress.

The Company's website will be updated on a regular basis with information regarding the Company's activities and performance, including financial information.

There is also a designated email address for investor relations, [info@tandeltasystems.com](mailto:info@tandeltasystems.com), and all contact details are included on the Company's website.

## PART III

### RISK FACTORS

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

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

**If any of the following events identified below occur, the Company's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In that case, the market price of the Ordinary Shares could decline and investors may lose part or all of their investment. Additional risks and uncertainties relating to the Company and/or the Ordinary Shares that are not currently known to the Company, or which the Company currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Company will be able to implement successfully its growth strategy as is detailed in this Document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements. An investment in Ordinary Shares described in this Document is speculative. A prospective investor should consider carefully whether an investment in the Company is suitable in light of his, her or its individual circumstances and the financial resources available to him, her or it. If you are in any doubt about the action you should take, you should consult your independent financial adviser authorised under FSMA.**

#### **RISKS RELATING TO THE COMPANY AND ITS OPERATIONS:**

##### **Customer dependency**

While the Company supplies products and services to multiple customers, it depends on a limited number of large customers in any one year for a significant proportion of its revenue. During FY22, the Company's ten largest customers accounted for approximately 70 per cent. of total revenue, with the largest customer accounting for approximately 45 per cent. of total revenue.

Whilst a number of key customers have been purchasing the Company's products for a number of years, these customers are not committed under long term contracts. These customers have purchased the Company's products as and when required and there can be no assurance that they will continue to buy products from the Company. Furthermore, the ongoing quantity or value of the products sold by the Company to those customers is not certain. If the Company's commercial relationship with any key customer is terminated or significantly altered for any reason, the Company's business, its results of operations, financial condition and/or its prospects could be materially adversely affected. Furthermore, there can be no assurance that existing framework agreement entered into by the Company with its largest customer with respect to the supply of existing real time oil condition monitoring products and services will generate the revenues as currently expected by the Board.

Furthermore, the Company may generate lower revenues from its key customers for a variety of reasons, including, but not limited to: (a) the inability to secure customer orders, whether as a result of, *inter alia*, a failure to offer competitive terms or a customer's desire to diversify their supplier base; (b) reduced, delayed

or changing customer requirements; or (c) bankruptcy or insolvency of a customer. This could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Manufacturer dependency**

The Company currently relies on one manufacturer to produce its products, creating a dependency risk. If for any reason, the manufacturer ceases to, or becomes unable to, manufacture the Company's products, the Company may not be able to find an alternative manufacturer or may only be able to do so on less advantageous terms. Any unexpected disruption to, or termination of, the Company's existing contract and/or arrangements with this manufacturer could negatively impact the Company's ability to deliver on customer contracts which may have a material adverse effect on the Company's business, results of operations, financial condition and prospects. Furthermore, there is a risk that the current manufacturer may not have the capacity to meet the Company's future pipeline, resulting in a loss of potential revenue. Whilst the Company can seek to mitigate this risk by engaging an additional manufacturer, this may not be possible in the short term and said manufacturer may not have the facilities to ensure the same product quality initially.

### **Procurement processes for the Company's contracts with customers can be lengthy and unpredictable on timing, which makes forecasting revenue difficult**

The sales cycle for the Company can typically be quite lengthy, often lasting several months from first contact with the customer. This includes the customer conducting technical evaluations of the Company's technology. Purchasing decisions also may be extended by a customer's internal budget approval process, in particular for larger corporate customers. Certain macroeconomic conditions can limit the Company's ability to accurately predict the timing of its customers' purchasing cycle and could result in potential unexpected delays in onboarding or implementation to that expected. If expected orders for a specific customer for a particular period do not occur in that period, this could have a significant adverse effect on the Company's revenue, financial performance and financial condition.

### **Reliance on overseas suppliers can result in supply chain risks**

The Company sources a significant proportion of components from certain overseas suppliers. If there is any kind of international supply-side shock affecting those overseas suppliers, if alternative suppliers cannot fulfil the required demand, the Company is exposed to a number of risks, including the risk of delays, suppliers increasing prices and/or obtaining components of the requisite quality. Whilst the majority of Tan Delta's products use relatively common components with multiple sources of supply and the Company has the ability to switch some components, supply chain risks still exist and could have a significant adverse effect on the Company's business, results of operations, financial condition and prospects.

### **The Company may not be successful in obtaining, maintaining and/or enforcing sufficient IP rights to protect its business, or in avoiding claims that the Company infringes on the IP rights of others**

The Company relies on various types of unregistered IP rights such as copyrights and designs as well as unpatented knowledge and trade secrets, to protect its business. However, these rights do not afford complete protection against third parties' claims and infringements. Additionally, there can be no assurance that third parties will not independently develop knowledge and trade secrets that are similar to the Company's, or develop products, technology or know-how that compete effectively with the Company's products and brand without infringing, misusing or otherwise violating any of the Company's IP rights.

The Directors cannot be certain that any of the Company's unregistered copyrights, designs or know-how will provide the Company with sufficient protection from competitors, or that any IP rights which the Company does hold will not be invalidated, circumvented or challenged in the future. In the event of such a challenge, the Company could incur significant costs to defend its IP rights, even if it is ultimately successful.

Third parties may copy or otherwise obtain and misuse the Company's knowledge, trade secrets, designs or copyrights, or infringe or otherwise violate the Company's IP rights. Additionally, the Company may not be able to prevent current and former employees, contractors and other parties from misappropriating the Company's confidential knowledge. Infringement, misuse or other violation of any of the Company's IP rights may dilute or diminish the value and goodwill of its brand, products and services in the marketplace, which

could materially and adversely affect the Company's results of operations and make it more difficult for the Company to maintain a strong market position.

The Company may from time to time become involved in claims brought by third parties alleging that the Company has infringed their IP rights. Any litigation or adverse proceedings could result in substantial costs and diversion of resources, and, if determined adversely to the Company, could substantially harm the Company's reputation, business, results of operations, financial condition and prospects.

### **Use of open source systems ("OSS") by the Company**

The Company has embedded some of its software code under a restrictive OSS licence (e.g. under GPL and LGPL licences), which will cause the entire work to become a "combined work" which must be onward licensed under the terms of the applicable OSS licence. While this does not necessarily impact on the ability of the Company to exploit the software for any licence or service fee, disclosure of the source code could either allow users to modify the software or allow third parties to view, copy and adapt portions of the software to create a competing product which could substantially harm the Company's reputation, business, results of operations, financial condition and prospects.

### **Product and technology risks**

Products and technologies used within the Company's marketplace are constantly evolving and improving. Therefore, there is a risk that the Company's current product offering may become outdated or obsolete as improvements in products and technology are made. Any failure of the Company to ensure that its products and other technology remain up to date with the latest technology may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects. The Company's success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends.

### **The Company's business is subject to risks resulting from product defects**

The products provided by the Company may contain faulty workmanship, manufacturing defects or other errors or failures. To the extent that the Company incurs substantial claims of this nature in any period, its reputation and ability to obtain future business could be materially and adversely affected, which could have a material adverse effect upon the Company's financial condition, results of operations and prospects.

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

The Company faces cost increases and fluctuations as a result of wages, energy and material price inflation and its manufacturing costs are thus subject to fluctuation. The prices of raw materials have fluctuated significantly in recent years and have increased in the recent past, and it is likely they will do so again in the future. Such volatility in the prices of these commodities could increase the costs of manufacturing the Company's products. In addition, supply shortages or delays in delivery of raw materials, components or energy can also result in increased costs of manufacturing the Company's products. The Company may not be able to offset these cost increases by cost reductions elsewhere, improvements in productivity and/or price increases which may therefore have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### **Competitive threats**

The Company is engaged in business activities where there are a number of existing competitors both domestically and internationally and the Company's future success will depend in part upon the Company's ability to retain its competitive position in the market. The Company may also face competition from new companies that have greater research, development, sales and marketing, financial and personnel resources than the Company.

Although the Company's technology delivers real time sensitivity to the smallest change in oil quality there is a risk that its technology can be replicated. Furthermore, certain of the Company's existing direct competitors are larger and have access to greater financial, technical and marketing resources than the Company and the Company's performance could be impeded if those competitors respond more quickly to changes in demands or provide a more attractive products or pricing packages.



Actions taken by competitors and any response by the Company, such as lowering prices or increasing expenditure, may have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### **Reputational risks**

Maintaining the Company's strong reputation and trust with the Company's customers is critical to selling the Company's products. Negative publicity about the Company, the Company's use, storage and securing of technology and data, including personal data, the Company's supply chain, threatened or pending litigation or regulatory proceedings, the Company's ESG practices, including as they relate to diversity, equality and inclusion, the health, safety and welfare of employees or other stakeholders, or relations with the Company's employees, or regulatory infractions, violations of sanctions or anti-bribery rules, whether or not deserved, could jeopardise the Company's reputation and/or expose it to adverse press and social media attention.

The Company's reputation may also be adversely affected if third parties with whom the Company contracts, including its suppliers, distributors and customers, fail to maintain high ethical, social and environmental standards, comply with local laws and regulations or become subject to other negative events or adverse publicity. Such third parties may also enter into relationships with or be acquired by other third parties whose values, business practices and/or reputation expose the Company to the risk of adverse publicity and damage to its existing relationships by association.

Damage to the Company's reputation or loss of confidence in the Company's products and services for these or any other reasons could have a material adverse effect on the Company's business, results of operations, cash flows, financial condition and prospects.

### **Dependency on key management**

The Company's business depends on the efforts, expertise and experience of its directors and a small number of other key employees. The Company currently has a small team of eleven employees, with only two executive directors, Chief Executive Officer and Chief Financial Officer. These employees are instrumental in setting the Company's strategic direction, operating its business, monitoring its performance under contracts and commercial relationships with customers, as well as identifying new business opportunities. There is a risk that, if the Company loses key employees, in particular senior management, this would have a significant impact on the Company's ability to deliver results as well as to execute the strategy of the business. Moreover, there can be no assurances that the Company could quickly replace key employees with persons of equivalent experience and capabilities without significant additional cost, or at all. This could have a material adverse effect on the Company's business, operations, cash flows and prospects.

### **Management of growth**

The Company's growth plans may place a significant strain on its management, operational, financial and personnel resources. Further, the ability of the Company to implement its strategy requires effective planning and management control systems. Therefore, the Company's future growth and prospects may depend in part on its ability to manage this growth. There can be no guarantee that the Company will achieve or effectively manage the level of success that the Directors expect.

### **Failure to attract appropriate talent**

The Company intends to use the proceeds from the Placing to increase headcount in key areas of the business, such as sales and marketing. With the Company operating in a specific industry segment and currently being based in only one UK location, there is a risk that the Company may struggle to attract appropriately skilled staff which may adversely impact the Company's growth strategy. Recruitment and retention of suitably qualified employees is vital and the loss of key personnel without adequate replacement or an inability to attract, develop and retain additional qualified management and other personnel could have a material adverse effect on the Company's business, performance and prospects.

The Company's ability to attract and retain key management and employees, including suitably qualified and experienced engineers, is critical to the Company's continued development and innovation. Loss of

key management or other key personnel, particularly to competitors, could have adverse consequences. Whilst the Company has entered into service agreements, letters of appointment and/or employment agreements with each of its Directors and other key personnel, the retention of their services cannot be guaranteed.

### **Investment into new developments which prove ineffective and/or unprofitable**

The Company's future success depends on its ability to develop new solutions that appeal to customers. The Company intends to allocate further funds and resource to the new sensor (G2-IM) in order to develop this solution further. There is no guarantee that the Company's solutions (including this new sensor) will appeal to new or existing customers or perform as intended. Costs spent on developing changes or additions to the Company's solutions may not attract customers and therefore such costs may not be recouped.

### **Legislation and compliance**

The activities of the Company are subject to UK laws and regulations governing taxes, employment standards, occupational health, safety, environmental, data protection and other matters. Whilst the Company aims to ensure it complies with all such applicable laws and regulations, failure to comply with such requirements may result in fines and/or penalties against the Company which could have a material adverse effect on the Company's business, financial condition, trading performance and prospects.

The Company currently supplies products to customers across the globe and each of those jurisdictions has different regulatory, tax, legal environments and economic and political conditions that could change in the future and impact how the Company conducts its business and supplies products to customers in those countries. If the Company was to fail to comply with applicable laws and regulations of overseas jurisdictions, there is a risk that it could be subject to reputational damage and legal issues, such as government or regulatory enforcement, including the imposition of financial penalties. Such government or regulatory enforcement action may further damage the reputation of the Company and have a material adverse effect on the Company's operating results and financial condition.

### **Failure to comply with regulation regarding the use of personal data could lead to significant fines and regulatory action against the Company**

The Company is subject to regulations regarding the use of personal data. The Company collects and processes personal data from its customers, business contacts and employees as part of the operation of its business, and therefore it must comply with applicable data protection and privacy laws. Those laws generally impose certain requirements on the Company in respect of the collection, retention, use and processing of such personal information. Notwithstanding its efforts, the Company is exposed to the risk that this data could be wrongfully appropriated, lost, disclosed, retained, stolen or processed in breach of data protection laws. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs.

The EU GDPR and the UK GDPR, as well as the increased data protection regulation in other jurisdictions, have introduced the potential for significant new levels of fines for non-compliance based on turnover. The Company will continue to review and develop existing processes to ensure that personal data is processed in compliance with applicable requirements, to the extent that they are applicable, and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the Company's business, financial condition and financial results, or otherwise harm its reputation.

### **Potentially unfavourable contractual terms with counterparties**

The Company contracts with a variety of counterparties in its provision of sensors and data analytics tools. Many of these counterparties are significantly larger than the Company. Whilst the Company seeks to negotiate contracts on terms that it considers are the most beneficial to it in the circumstances, the Company may have limited scope for negotiation of standard counterparty contractual terms. Whilst such terms may not be considered unusual in the context of the market the Company operates in, such contractual terms

may include provisions which might ordinarily be regarded as onerous including, without limitation, uncapped indemnities and unfavourable provisions regarding intellectual property.

In the event of a successful claim against the Company under such contracts, the Company could be liable for substantial damages awards which could materially and adversely affect its financial performance, financial condition and prospects.

#### **Some of the Company's contracts with its customers can be terminated at short notice**

Certain of the Company contracts, including those with its largest customers, contain standard terms and may be terminated by customers at short notice (including in case of a change of control of the Company) and without cause. The Directors believe these terms are in line with industry practice, however, if these contracts were to be terminated, it could materially harm the financial results, financial condition and prospects of the Company.

#### **Compliance with environmental laws and regulations**

The Company is required to register with the Environment Agency as a producer of electrical and electronic equipment under the Waste Electrical and Electronic Equipment Regulations 2013 and batteries under the Waste Batteries and Accumulators Regulations 2009. The Company has missed the deadline for submitting its registration for the current year which was 31 January and consequently it is at risk of enforcement action for failing to register on time. This could result in fines and other financial costs and have a material adverse effect on the Company's business, financial condition and prospects.

#### **The Company's business may be impacted by the effects of Russia's invasion of Ukraine**

The Company is monitoring the effects of Russia's invasion of Ukraine. The Company has no operations or presence in Russia or Ukraine at the moment but the broader economic consequences of the invasion are currently difficult to predict, and geopolitical instability, the imposition of sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia in response to such measures could adversely affect the global markets and the global geopolitical and economic environment, which could in turn adversely impact the Company's business and/or the trading prices of its securities.

The Company is monitoring changes to applicable global sanctions regimes to ensure it remains in compliance with its obligations, as any failure to comply with the evolving sanctions could present serious legal and reputational risks, which could, in turn, have a material and adverse effect on the Company's business. For example, the Company was party to a purchase contract with a customer in Russia (the "**Russian Contract**"). Although the contract remained in place following the strengthening of sanctions against Russia subsequent to the invasion of Ukraine in 2022, most, if not nearly all, of the Company's trading with that customer has taken place through a related entity registered in the United Kingdom and the Russian Contract was effectively dormant. If the Company did not act fully in accordance with the sanctions regime, the Company may be subject to a fine or other penalty and may suffer reputational issues as a result which might have a material impact on the Company's business or financial performance.

#### **Failure to identify or anticipate future risks**

The methods used by the Company to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significant.

Risk management methods depend on the evaluation of information regarding markets or other matters that is publicly available or otherwise accessible to the Company. Failure (or the perception that the Company has failed) to develop, implement and monitor the Company's risk management policies and procedures and, when necessary, pre-emptively upgrade them, could give rise to reputational and trading issues which could have an adverse impact on the Company's business, financial results, financial condition and prospects.

## **COVID-19 pandemic, or other epidemics or pandemics**

A pandemic (similar to COVID-19), including the resulting global economic uncertainty and measures taken in response to such pandemic or other epidemics, could have a significant adverse impact on the Company's revenue, operations and workforce. The outbreak of COVID-19 resulted in authorities, including those in the United Kingdom, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces and has led to materially increased volatility in financial markets and significant changes to the global macroeconomic outlook. Such measures caused the cost and order lead times of components for the Company's products to increase substantially which resulted in sales not being fulfilled as quickly as Company would normally aim to. The Company was also unable to carry out customer installations during periods affected by lockdown measures which resulted in fewer sales being completed at that time, while creating a lag in the development of new products where pilot projects could not be performed as quickly as the Company originally envisaged. Any repeat pandemic may have a material adverse effect on the Company's business, financial results, financial condition and prospects.

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

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

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

The New Shares are also expected to be capable of being a "qualifying holding" for the purposes of investment by VCTs, as described in the paragraph entitled EIS and VCT status in Part I of this Document.

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

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the New Shares and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for New Shares in the Placing. The availability of EIS Relief will be conditional on (amongst other things) the Company and the investor both continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant New Shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the New Shares will comply with the requirements of respectively the EIS Legislation at or following the Placing, that investors will be able to obtain EIS Relief in respect of their subscription for New Shares, or that in due course such EIS Relief will not be withdrawn.

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

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

### **Taxation, legislation and tax status**

Any change in taxation legislation or the interpretation of taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this Document concerning the taxation of investors in the Shares are based on current tax law and practice in the UK and other jurisdictions, which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company. There can be no assurance that future legislation, rules and practice will not adversely affect the Group's business, prospects, results of operations or financial condition.

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

The market price of Ordinary Shares could decline as a result of any sales of Ordinary Shares by Locked-in Persons following the expiry of the relevant lock-in period, details of which are set out in paragraph 16.1.5 of Part V of this Document, or the expectation or belief that any such sale of Ordinary Shares may occur.

### **General risks of investing in shares traded on AIM**

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this Document. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The AIM Rules for Companies are less demanding than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. Although the Company is applying for the admission of its entire issued share capital, as enlarged by the Placing, to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Company. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

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

The Placing Price may not be indicative of the market price for the Ordinary Shares following Admission. As the Ordinary Shares have not previously traded, their market value is uncertain and may be subject to wide fluctuations in response to many factors, including those referred to in this Part III, as well as stock market fluctuations, changes in financial estimates by industry participants or securities analysts and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Company's actual financial, trading or operational performance. These factors could include large purchases or sales of the Ordinary Shares (or the perception that such purchases or sales may occur, as, for example, in the period leading up to the expiration of the Lock-in Agreement to which the Locked-in Persons are subject), legislative changes and market, economic, political or regulatory conditions. The combination of one or more of these factors could mean that investors are unable to recover their original investment in the Ordinary Shares.

**There is no guarantee that the Company will maintain its admission to AIM**

The Company cannot assure investors that the Company will always retain admission to AIM. If it fails to retain this, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

**Dilution of Shareholders' interest as a result of additional equity fundraisings**

Although the Company's business plan does not involve the issuance of Ordinary Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. In addition, the exercise of Options granted under the MSOP (as described in paragraph 13 of Part V of this Document) would result in additional dilution for the Company's shareholders. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares under a pre-emptive offer. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

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

Although the Company does not intend to declare dividends in the near term, the payment of dividends by the Company to Shareholders in the future will be highly dependent upon performance of the Company. The Company cannot guarantee that it will have sufficient cash resources or distributable reserves to pay dividends. Any determination to pay dividends in the future will be a decision for the Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the Board deems relevant).

**It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is, or may be, exposed to or all those associated with an investment in the Company. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect on the Company.**



**PART IV**  
**HISTORICAL FINANCIAL INFORMATION**  
**FOR THE THREE YEARS ENDED 31 DECEMBER 2022**

**Section A      Accountant's Report on the Historical Financial Information**

The Directors  
Tan Delta Systems plc  
1 Carrera Court,  
Dinnington,  
Sheffield,  
S25 2RG

The Directors  
Zeus Capital Limited  
125 Old Broad Street,  
London,  
EC2N 1AR

Dear Sirs

**Tan Delta Systems plc ("Tan Delta")**

We report on the Historical Financial Information set out in Part III of the Document.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of Tan Delta as at 31 December 2022, 31 December 2021 and 31 December 2020 and of its results, cash flows, statement of comprehensive income and changes in equity for the three years then ended in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

**Responsibilities**

The directors of Tan Delta (the "Directors") are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you. Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person other than the addressees of this letter for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

**Basis of opinion**

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

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

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

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

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

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of Tan Delta to continue as a going concern for a period of at least twelve months from the date of this report. Accordingly, the use by the Directors of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

### **Declaration**

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

Yours faithfully

Haysmacintyre LLP Chartered Accountants  
10 Queen Street Place  
London  
EC4R 1AG

## Section B Historical Financial Information

### Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December 2020 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2022 £'000
	Note			
<b>Revenue</b>	4	1,048	1,021	1,575
Cost of sales		(393)	(374)	(585)
<b>Gross profit</b>		655	647	990
Distribution costs		(22)	(22)	(44)
Administrative expenses		(739)	(616)	(665)
Other operating income	5	30	1	1
<b>Total operating (loss)/profit</b>		(76)	10	282
Finance expense	9	(8)	(5)	(4)
<b>(Loss)/profit before taxation</b>		(84)	5	278
Taxation	10	121	18	4
<b>Profit for the year</b>		37	23	282
<b>Other comprehensive income</b>				
Total other comprehensive income		–	–	–
<b>Total comprehensive income for the year</b>		37	23	282
<b>Earnings per share for profit attributable to the owners of the Company</b>				
Basic and diluted (pounds)	11	0.81	0.51	6.26

All amounts related to continuing operations.

## Statements of Financial Position

		As at 31 December 2020 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000
	Note			
<b>Assets</b>				
<b>Current assets</b>				
Inventories	12	16	53	240
Trade and other receivables	13	254	289	320
Cash and cash equivalents	14	164	192	186
<b>Total current assets</b>		<u>434</u>	<u>534</u>	<u>746</u>
<b>Non-current assets</b>				
Intangible assets	15	–	–	121
Property, plant and equipment	16	33	40	64
Right-of-use assets	19	174	147	120
<b>Total non-current assets</b>		<u>207</u>	<u>187</u>	<u>305</u>
<b>Total assets</b>		<u>641</u>	<u>721</u>	<u>1,051</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	17	178	270	367
Borrowings	18	12	22	24
Lease liabilities	19	25	26	27
<b>Total current liabilities</b>		<u>215</u>	<u>318</u>	<u>418</u>
<b>Non-current liabilities</b>				
Borrowings	18	83	63	38
Lease liabilities	19	152	126	99
<b>Total non-current liabilities</b>		<u>235</u>	<u>189</u>	<u>137</u>
<b>Total liabilities</b>		<u>450</u>	<u>507</u>	<u>555</u>
<b>NET ASSETS</b>		<u>191</u>	<u>214</u>	<u>496</u>
<b>Equity</b>				
Share capital	23	–	–	–
Share premium account	23	1,565	1,565	1,565
Accumulated losses	23	(1,374)	(1,351)	(1,069)
<b>TOTAL EQUITY</b>		<u>191</u>	<u>214</u>	<u>496</u>

## Statement of Changes in Equity

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Accumulated losses £'000</i>	<i>Total equity £'000</i>
<b>Balance at 1 January 2020</b>	–	1,565	(1,411)	154
<b>Comprehensive income for the year</b>				
Profit for the year	–	–	37	37
<b>Balance at 31 December 2020</b>	–	1,565	(1,374)	191
<b>Balance at 1 January 2021</b>	–	1,565	(1,374)	191
<b>Comprehensive income for the year</b>				
Profit for the year	–	–	23	23
<b>Balance at 31 December 2021</b>	–	1,565	(1,351)	214
<b>Balance at 1 January 2022</b>	–	1,565	(1,351)	214
<b>Comprehensive income for the year</b>				
Profit for the year	–	–	282	282
<b>Balance at 31 December 2022</b>	–	1,565	(1,069)	496

## Statement of Cash Flows

		Year ended 31 December 2020 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2022 £'000
	Note			
<b>Cash flows from operating activities</b>				
(Loss)/profit before taxation from continuing activities		(84)	5	278
Adjustments for non-cash/non-operating items:				
Depreciation of property, plant and equipment	16	8	6	11
Amortisation of right-of-use assets	19	27	27	27
Loss on disposal of property, plant and equipment	16	12	–	4
Finance expense	9	8	5	4
		<u>(29)</u>	<u>43</u>	<u>324</u>
Decrease/(increase) in inventories	12	29	(37)	(187)
Increase in trade and other receivables	13	(77)	(56)	(45)
Increase in trade and other payables	17	26	92	97
		<u>(51)</u>	<u>42</u>	<u>189</u>
Cash (used)/from operations		82	39	18
R&D tax credit received		<u>31</u>	<u>81</u>	<u>207</u>
Net cash generated from operating activities				
<b>Cash flows from investing activities</b>				
Purchase of intangible assets		–	–	(121)
Purchase of property, plant and equipment	16	(9)	(13)	(39)
		<u>(9)</u>	<u>(13)</u>	<u>(160)</u>
Net cash used in investing activities				
<b>Cash flows from financing activities</b>				
Principal paid on lease liabilities		(24)	(25)	(26)
Interest paid on lease liabilities		(6)	(5)	(4)
Proceeds from borrowings	18	95	–	–
Repayment of borrowings		–	(10)	(23)
Interest paid		(2)	–	–
		<u>63</u>	<u>(40)</u>	<u>(53)</u>
Net cash generated from/(used in) financing activities				
Net increase/(decrease) in cash and cash equivalents		85	28	(6)
Cash and cash equivalents at beginning of year		<u>79</u>	<u>164</u>	<u>192</u>
<b>Cash and cash equivalents at end of year from continuing operations</b>		<u>164</u>	<u>192</u>	<u>186</u>



## Notes to the Historical Financial Information

### 1. General Information

Tan Delta Systems is a private limited company, limited by shares incorporated and registered in England. The registered office is 1 Carrera Court, Dinnington, Sheffield, England, S25 2RG and the registered number is 06362470.

The principal activities of the Company are that of oil sensor development, manufacture, and sales.

### 2. Accounting policies

#### 2.1 Basis of preparation

The Historical Financial Information provided presents the financial track record of the Company for the three years ended FY20, FY21, FY22 ("Historical Financial Information") and is prepared solely for the purposes of admission of the ordinary shares of the Company to AIM, a market operated by the London Stock Exchange.

For all years up to and including FY22, the Company prepared its financial statements in accordance with UK generally accepted accounting principles (UK GAAP). This Historical Financial Information, which does not constitute statutory accounts within the meaning of the Companies Act 2006, has been prepared in accordance with UK-adopted International Accounting Standards ("IAS") as defined by section 471(1) of the Companies Act. The Company's transition date to IFRS is 1 January 2020. The only transitional adjustments relate to IAS 38, detailed in note 15, and IFRS 16, detailed in note 19.

The Historical Financial Information is prepared on a going concern basis, under the historical cost convention. The Historical Financial Information is presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

The principal accounting policies adopted in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.2 Going Concern

The Directors are of the opinion that the business model, together with financial projections mean that the Company continues to be a going concern. The Company has procedures in place for reviewing future performance including budgeted and forecast trading and profitability. These forecasts include reasonable assumptions and predictions over assumed customers and turnover to indicate the Company will continue as a going concern.

The Company has taken significant actions over recent periods with the aim of improving the financial results of the business and these have continued to improve the trading results. Whilst the Company, like most other businesses, is exposed to fluctuations in trading and the need to continually win and deliver new business on a profitable basis to new and existing customers to ensure its continued success and survival, the Directors believe that their forecast, gives a reasonable expectation to assume that the Company has adequate resources to continue as a going concern.

#### 2.3 New standards, amendments and interpretations or adoption of new and revised standards

With effect from 1 January 2020, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

- IFRS 16 – Leases (effective for periods beginning on or after 01 January 2019); and
- IFRIC 23 – Uncertainty over Income Tax Positions (effective 1 January 2019).

##### *IFRS 16 Leases*

IFRS 16 'Leases' replaced IAS 17 'Leases' and sets out the principles for the recognition, measurement, presentation and disclosure of leases and has been applied using the modified approach. Under IFRS 16 the main difference for the Company is that certain leases that the Company holds as a lessee are recognised on the balance sheet, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use

asset is depreciated in accordance with 'Property, Plant and Equipment' and the liability is increased for the accumulation of interest and reduced by cash lease payments. There is no impact on cashflow.

In the Statement of Profit or Loss and Comprehensive Income the Company recognises a depreciation charge and an interest charge instead of a straight-line operating cost. This changes the timing of cost recognition on the lease, resulting in extra cost in early years of the lease, and reduced cost towards the end of the lease.

The adoption of IFRS 16 has resulted in the recognition of a right-of-use asset with a net carrying value of £120k together with a corresponding financial liability of £126k as at 31 December 2022.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on this Historical Financial Information together with estimates with a significant risk of material adjustment in the next year are set out in note 3 to the Historical Financial Information.

#### *IFRIC 23 Uncertainty over Income Tax Positions*

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. The standard is effective for financial years commencing on or after 01 January 2019. IFRIC 23 did not have any impact as there is no uncertainty over income tax treatments for the Company.

#### **2.4 New standards, amendments and interpretations not yet adopted**

The Historical Financial Information has been prepared in accordance with IFRSs that are expected to be effective in the Company's first annual financial statements post Admission. Therefore, the following IFRSs (including amendments thereto) and IFRIC interpretations have been adopted early:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies; and
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates.

#### **2.5 Revenue recognition**

IFRS 15 "Revenue from Contracts with Customers" is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer.

The Company earns revenue relating to the sale of oil sensor equipment through direct sales. Revenue is recognised at a point in time when the relevant performance obligation is satisfied. The Company considers the control over goods is transferred to the customer at point of shipment. The performance obligation is considered to be satisfied when the Company dispatches a product to a customer and the bill of lading is signed. Contracts with customers do not contain a financing component or any element of variable consideration.

Invoices are raised at the point of shipment. As the Company considers the significant risks and rewards of ownership of the goods to be transferred at this point, revenue is subsequently measured at this point and does not give rise to any contract assets or liabilities. New customers are required to make a payment on account prior to their first order which are recognised as contract liabilities.

#### **2.6 Other income and grants**

Other income represents all other income received by the Company. This includes COVID-19 related Government Grants received from the UK Government. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grant income received has been accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

The only amounts received in relation to furlough monies was £Nil in FY22, £Nil in FY21 and £15,578 in FY20.

## **2.7 Employee benefits: pension obligations**

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

The contributions are recognised as an expense in the Statements of Profit or Loss and Other Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from Company in independently administered funds.

## **2.8 Net finance costs**

### *Finance expense*

Finance expense comprises interest on bank loan and overdrafts, interest on leases and interest on other financial liabilities which are expensed in the period in which they are incurred and reported in finance costs.

### *Finance income*

Finance income relates to other interest received.

## **2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statements of Profit or Loss and Other Comprehensive Income except that a charge attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Where applicable, the Company claims R&D tax reliefs in accordance with the Small and Medium Sized Enterprise (SME) R&D Relief Scheme. Projects are assessed by the Directors to ensure the claims made fit the criteria and definitions set out by HMRC.

## **2.10 Property plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

Depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Short-term leasehold property – 10 per cent. straight line
- Plant and machinery – 15 per cent. reducing balance
- Fixtures and fittings – 15 per cent. reducing balance
- Computer equipment – 15 per cent. reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.11 ***Intangible assets***

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Development costs – 4 year (amortised on a straight-line basis)

The estimated useful lives are as estimated based upon management's best estimate of the expected life of the asset. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

R&D expenditure that does not meet the criteria of an intangible asset is recognised as an expense as incurred. Development costs are only capitalised after technical and commercial feasibility of the asset for sale or use have been established. The Company must intend to complete the asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefit. If the Company cannot distinguish between R&D phase, then all costs are expensed as research costs.

Where development costs are capitalised, the Company assesses these costs for impairment at each period end in accordance with IAS 36. The impairment review includes the forecasted cashflows attributable to the capitalised assets to determine whether an impairment is required.

### 2.12 ***Leased assets***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: an identified physically distinct asset can be identified; and Company has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised; and
- a determination over the lease length on any options around break clauses and options to terminate and the likelihood on whether they would be taken.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

### **2.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid deposits which are subject to an insignificant risk of changes in value.

### **2.14 Inventory**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income.

### **2.15 Financial assets**

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

The Company's financial assets held at amortised cost comprise trade and other receivables, unbilled revenue and cash and cash equivalents in the Statements of Financial Position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables).

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.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses ("ECL"). The ECL balance is determined based on historical data available to management in addition to forward looking information utilising management knowledge. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in the Statement of Profit or Loss and Other 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.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Company follows the 3-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

## **2.16 Financial liabilities**

The Company measures its financial liabilities at amortised cost. All financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provision of the instrument.

### *Financial liabilities measured at amortised cost*

The Company's financial liabilities held at amortised cost comprise trade payables and other payables, lease liabilities, and amounts owed to group undertakings.

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position.

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

The preparation of the Historical Financial Information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement and use assumptions in applying the Company's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the Historical Financial Information are reasonable and prudent.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the Historical Financial Information are discussed below.

### Key accounting estimates and judgements

#### *Right-of-use assets and lease liabilities*

The Company estimates the incremental borrowing rate used to measure right-of-use assets and lease liabilities based on expected third party financing costs when the interest rate implicit in the lease cannot be readily determined. For the Company's one lease, the Company uses an incremental borrowing rate of 3.0 per cent. based on the interest rate on the one loan the Company has in place which has been considered the best estimate of the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.



#### *Useful economic lives of tangible and intangible assets*

The annual depreciation and capitalized charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended, when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

#### *Capitalisation of intangible assets*

Expenditure incurred on internal development projects is capitalized as an intangible asset to the extent that the technical, commercial and financial feasibility can be demonstrated by the Company. Estimates of the amount of internal staff development time allocated to each project are reviewed on an ongoing basis by management.

#### **4. Revenue from contracts with customers**

All of the Company's revenue was generated from the sale of oil sensors and oil monitoring equipment.

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
United Kingdom	273	172	956
Europe	346	378	270
Rest of the World	429	471	349
	<u>1,048</u>	<u>1,021</u>	<u>1,575</u>

The Company's revenue included 3 customers that each made up more than 10 per cent. of revenue during at least one year during the Company's period of the Historical Financial Information.

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Customer 1	152	143	747
Customer 2	136	170	61
Customer 3	161	–	–
All other customers	599	708	767
	<u>1,048</u>	<u>1,021</u>	<u>1,575</u>

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

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Government grants receivable	28	–	–
Sundry income	2	1	1
	<u>30</u>	<u>1</u>	<u>1</u>

During FY22 the Company received £Nil (FY21: £Nil, FY20: £15,578) under the Coronavirus Job Retention Scheme as part of a government initiative to provide immediate financial support as a result of COVID-19. The Company was reimbursed 80 per cent. of the cost of wages for employees who were placed on a temporary period of absence but were kept on the payroll. In addition to this, the Company received government support in FY20 including a Council Covid Grant of £10,000 and £2,000 for a Quality project.

## 6. Segment information

The Chief Operating Decision Maker ("CODM") has been identified as the Directors. The CODM reviews the Company's internal reporting in order to assess performance and allocate resources. The CODM has determined that there is one single operating segment, the manufacture and sale of oil sensors.

## 7. Employee benefit expenses

Employee benefit expenses (excluding Directors) comprise:

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Wages and salaries	515	418	546
Social security costs	57	42	63
Pension costs	15	10	13
	<u>587</u>	<u>470</u>	<u>622</u>

Average number of people (excluding Directors) employed by activity:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2021</i>	<i>Year ended 31 December 2022</i>
Employees (including Directors)	11	9	9
	<u>11</u>	<u>9</u>	<u>9</u>

## Key management personnel compensation

Key management personnel include all Directors, who together have authority and responsibility for planning, directing, and controlling the activities of the Company's business.

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Wages and salaries	99	82	75
Social security costs	11	10	9
Pension costs	3	2	2
	<u>113</u>	<u>94</u>	<u>86</u>

## 8. Operating expenses

Operating expenses consist of the following expenses:

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Depreciation of property, plant and equipment	8	6	11
Loss on disposal of property, plant and equipment	12	–	2
Amortisation of right-of-use assets	27	27	27
R&D tax credit	(121)	(18)	(4)
Exchange differences	(9)	2	(6)
	<u></u>	<u></u>	<u></u>

## 9. Finance expense

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Interest on bank loans and overdrafts	2	–	–
Interest on lease liabilities	6	5	4
	<u>8</u>	<u>5</u>	<u>4</u>

## 10. Taxation

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
<b>Analysis of charge in year</b>			
Current tax on profit/(loss) for the year	(39)	(18)	(4)
Adjustments in respect of previous periods	(82)	–	–
Total current tax	<u>(121)</u>	<u>(18)</u>	<u>(4)</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	–	–	–
Effect of tax rate change on opening balance	–	–	–
<b>Total deferred tax</b>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Tax charge per Statement of Profit or Loss and Other Comprehensive Income</b>	<u>(121)</u>	<u>(18)</u>	<u>(4)</u>

The tax credits for the periods presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
(Loss)/profit on ordinary activities before tax	(84)	5	278
Tax using the Company's domestic tax rates	(16)	1	53
Effects of:			
Capital allowances in excess of depreciation	3	(2)	(7)
Adjustments in respect of prior periods	(81)	5	–
Adjustment in R&D tax credit leading to a decrease in the tax charge	(27)	(22)	(27)
Tax impact of IFRS adjustments	–	–	(23)
	<u>(121)</u>	<u>(18)</u>	<u>(4)</u>

The main rate of UK corporation tax was 19 per cent., during FY20, FY21 and FY22.

## 11. Earnings per share

Earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue. Earnings per share is presented based on the number of shares outstanding in the Company, after giving effect to the share-for-share exchange. Diluted earnings per share is the same as the basic earnings per share, as there is only one category of share capital.

	<i>Year ended 31 December 2020 £'000</i>	<i>Year ended 31 December 2021 £'000</i>	<i>Year ended 31 December 2022 £'000</i>
Profit for the year	37	23	282
Weighted average number of ordinary shares	45,180	45,180	45,180
Basic and diluted earnings per share (pounds)	0.81	0.51	6.25

## 12. Inventories

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
Finished goods	16	22	36
Components	–	31	204
	16	53	240

## 13. Trade and other receivables

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
<b>Amounts falling due within one year:</b>			
Trade receivables	176	228	277
Other receivables	23	26	19
Prepayments and accrued income	16	17	20
Tax recoverable	39	18	4
	254	289	320

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward-looking information utilising management knowledge. Based on the analyses performed there is no material impact on the transition to ECL from previous methods of estimating the provision for doubtful accounts.

*Analysis of trade receivables based on age of invoices:*

	<i>&lt; 30 £'000</i>	<i>31 – 60 £'000</i>	<i>61 – 90 £'000</i>	<i>&gt; 90 £'000</i>	<i>Total Gross £'000</i>	<i>ECL £'000</i>	<i>Total Net £'000</i>
31 December 2020	91	45	9	31	176	–	176
31 December 2021	141	47	14	26	228	–	228
31 December 2022	93	157	17	10	277	–	277

#### 14. Cash and cash equivalents

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
Cash at bank available on demand	164	192	186
	<u>164</u>	<u>192</u>	<u>186</u>

#### 15. Intangible assets

	<i>Development costs £'000</i>	<i>Total £'000</i>
<b>Cost</b>		
At 1 January 2022	–	–
Additions	121	121
At 31 December 2022	<u>121</u>	<u>121</u>
<b>Amortisation</b>		
At 1 January 2022	–	–
Charge for the period	–	–
At 31 December 2022	<u>–</u>	<u>–</u>
<b>Net book amount</b>		
At 31 December 2022	<u>121</u>	<u>121</u>

Intangible assets relate to costs associated with the development of oil sensory equipment.

## 16. Property, plant and equipment

Depreciation charge is recognised in operating expenses in the Statement of Profit or Loss and Other Comprehensive Income.

	<i>Leasehold property improvements £'000</i>	<i>Plant and machinery £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 1 January 2020	10	29	18	15	72
Additions	–	7	–	2	9
Disposals	–	(15)	(14)	–	(29)
At 31 December 2020	10	21	4	17	52
<b>Depreciation</b>					
At 1 January 2020	3	10	10	5	28
Charge for the year	1	4	1	2	8
Disposals	–	(8)	(9)	–	(17)
At 31 December 2020	4	6	2	7	19
<b>Net book amount</b>					
At 31 December 2020	6	15	2	10	33
<b>Cost</b>					
At 1 January 2021	10	21	4	17	52
Additions	–	7	1	5	13
Acquisitions	–	–	–	–	–
Disposals	–	–	–	–	–
At 31 December 2021	10	28	5	22	65
<b>Depreciation</b>					
At 1 January 2021	4	6	2	7	19
Charge for the year	1	3	–	2	6
Disposals	–	–	–	–	–
At 31 December 2021	5	9	2	9	25
<b>Net book amount</b>					
At 31 December 2021	5	19	3	13	40
<b>Cost</b>					
At 1 January 2022	10	28	5	22	65
Additions	1	34	2	2	39
Disposals	–	(2)	–	(2)	(4)
At 31 December 2022	11	60	7	22	100
<b>Depreciation</b>					
At 1 January 2022	5	9	2	9	25
Charge for the year	1	7	1	2	11
Disposals	–	–	–	–	–
At 31 December 2022	6	16	3	11	36
<b>Net book amount</b>					
At 31 December 2022	5	44	4	11	64



## 17. Trade and other payables

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
<b>Amounts falling due within one year:</b>			
Trade payables	82	171	284
Other payables	16	14	15
Other taxation and social security	62	26	12
Accruals	18	16	19
Deferred income	–	43	37
Lease liabilities	25	26	27
	<u>203</u>	<u>296</u>	<u>394</u>
	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
<b>Amounts falling due after more than one year:</b>			
Lease liabilities	152	126	99
	<u>152</u>	<u>126</u>	<u>99</u>

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

## 18. Borrowings

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
<b>Current</b>			
Other loans	12	22	24
	<u>12</u>	<u>22</u>	<u>24</u>
	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
<b>Non-current:</b>			
Other loans	83	63	38
	<u>83</u>	<u>63</u>	<u>38</u>

The Company has a Coronavirus Business Interruption Loan Scheme with Lloyds Bank. Interest is charged at 3.0 per cent. per annum.

A maturity analysis of the Company's borrowings is shown below:

	As at 31 December 2020 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000
Less than one year	12	22	24
Later than one year and less than five years	83	63	38
	<u>95</u>	<u>85</u>	<u>62</u>

## 19. Leased assets

### *Nature of leasing activities*

The Company leases a number of assets with all lease payments fixed over the lease term.

	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022
Number of active leases	<u>1</u>	<u>1</u>	<u>1</u>

### *Extension, termination, and break options*

The Company sometimes negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Company.

As at 31 December 2020, 2021 and 2022 the carrying amounts of lease liabilities were reduced by the amount of payments that would be avoided from exercising break clauses.

## Right-of-use assets

	<i>Leasehold property £'000</i>	<i>Total £'000</i>
<b>Cost</b>		
At 1 January 2020	201	201
Additions	–	–
At 31 December 2020	201	201
<b>Amortisation</b>		
At 1 January 2020	–	–
Charge for the period	27	27
At 31 December 2020	27	27
<b>Net book amount</b>		
At 31 December 2020	174	174
<b>Cost</b>		
At 1 January 2021	201	201
Additions	–	–
At 31 December 2021	201	201
<b>Amortisation</b>		
At 1 January 2021	27	27
Charge for the period	27	27
At 31 December 2021	54	54
<b>Net book amount</b>		
At 31 December 2021	147	147
<b>Cost</b>		
At 1 January 2022	201	201
Additions	–	–
At 31 December 2022	201	201
<b>Amortisation</b>		
At 1 January 2022	54	54
Charge for the period	27	27
At 31 December 2022	81	81
<b>Net book amount</b>		
At 31 December 2022	120	120

## Lease liabilities

	<i>Leasehold property £'000</i>	<i>Total £'000</i>
At 1 January 2020	201	201
Additions	–	–
Interest expense	6	6
Lease payments (including interest)	(30)	(30)
At 31 December 2020	<u>177</u>	<u>177</u>
At 1 January 2021	177	177
Additions	–	–
Interest expense	5	5
Lease payments (including interest)	(30)	(30)
At 31 December 2021	<u>152</u>	<u>152</u>
At 1 January 2022	152	152
Additions	–	–
Interest expense	4	4
Lease payments (including interest)	(30)	(30)
At 31 December 2022	<u>126</u>	<u>126</u>

## Reconciliation of minimum lease payments and present value

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
Within one year	30	30	30
Later than one year and less than five years	<u>165</u>	<u>135</u>	<u>105</u>
Total including interest cash flows	<u>195</u>	<u>165</u>	<u>135</u>
Less: interest cash flows	<u>(18)</u>	<u>(13)</u>	<u>(9)</u>
Total principal cash flows	<u>177</u>	<u>152</u>	<u>126</u>

## Reconciliation of current and non-current lease liabilities

	<i>As at 31 December 2020 £'000</i>	<i>As at 31 December 2021 £'000</i>	<i>As at 31 December 2022 £'000</i>
Current	25	26	27
Non-current	<u>152</u>	<u>126</u>	<u>99</u>
Total	<u>177</u>	<u>152</u>	<u>126</u>

## 20. Changes in liabilities from financing activities

	As at 1 January 2020 £'000	Financing cash flows £'000	Non-cash changes £'000	As at 31 December 2020 £'000
Other loans	–	95	–	95
Lease liabilities	201	(30)	6	177
Total liabilities from financing activities	201	65	6	272

  

	As at 1 January 2021 £'000	Financing cash flows £'000	Non-cash changes £'000	As at 31 December 2021 £'000
Other loans	95	(10)	(1)	85
Lease liabilities	177	(30)	5	152
Total liabilities from financing activities	272	(40)	5	237

  

	As at 1 January 2022 £'000	Financing cash flows £'000	Non-cash changes £'000	As at 31 December 2022 £'000
Loans	85	(23)	–	62
Lease liabilities	152	(30)	4	126
Total liabilities from financing activities	237	(53)	4	188

## 21. Financial Instruments

### Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables, contract assets and cash. They do not include prepayments.

	As at 31 December 2020 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000
Trade receivables	176	228	277
Other receivables	23	26	19
Cash at bank and on hand	164	192	186
	363	446	482

## Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables, accruals and borrowings. They do not include deferred income and other taxation and social security.

	<i>As at</i> <i>31 December</i> <i>2020</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2021</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2022</i> <i>£'000</i>
Trade payables	82	171	284
Other payables	16	14	15
Accruals	18	16	19
Borrowings	95	85	62
	<u>211</u>	<u>286</u>	<u>380</u>

## Financial risk management

The Company is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors. The Company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

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

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In order to minimise the risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes to the Historical Financial Information.

The Company seeks to obtain charging orders over the property of trade receivables, where appropriate. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information. No impairments to trade receivables have been made to date apart from those disclosed in note 12. Further disclosures regarding trade and other receivables are provided in note 12.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B+" are accepted.

Currently all financial institutions whereby the Company holds significant levels of cash are rated from AA- to A+.

### Foreign exchange risk

Foreign exchange risk arises when the Company enter transactions in a currency other than their functional currency. The Company's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

### Liquidity risk

The Company seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.



A maturity analysis of the Company's trade and other payables is shown below:

	As at 31 December 2020 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000
Less than one year	215	318	416
Later than one year and less than five years	235	189	137
	<u>450</u>	<u>507</u>	<u>553</u>

A maturity analysis of the Company's borrowings is included in note 17 and a maturity analysis of the Company's leases is included in note 18.

### **Capital Disclosures**

The capital structure of the Company consists of cash and cash equivalents, debt and equity.

The Company's current objectives when maintaining capital are to:

- Safeguard the Company's ability as a going concern so that it can continue to pursue its growth plans;
- Provide a reasonable expectation of future returns to Shareholders; and
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may issue new Ordinary Shares.

During the years ended FY20, FY21 and FY22 the Company's business strategy remained unchanged.

## **22. Related party transactions**

There are no related party transactions in the Historical Financial Information that warrant disclosure.

### **Transactions with key management personnel**

Total compensation of key management personnel is disclosed in note 7.

## **23. Reserves**

### *Share capital*

Share capital represents the nominal value of shares that have been issued. The total number of ordinary shares in issue in FY20, FY21 and FY22 was 45,180 and the total nominal value of shares in FY20, FY21 and FY22 was £451.80.

### *Share premium*

Share premium represents any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

### *Accumulated losses*

Accumulated losses relate to cumulative net gains and losses less distributions made.

## **24. Ultimate controlling party**

No one entity or individual has ultimate control over the Company.

## **25. Subsequent events**

The Company re-registered as a public limited company on 28 July 2023.

## **PART V**

### **ADDITIONAL INFORMATION**

#### **1. RESPONSIBILITY**

The Company, whose registered office appears on page 12 of this Document, and the Directors, whose names, addresses and functions appear on page 12 of this Document, accept individual and collective responsibility for all the information contained in this Document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. THE COMPANY**

- 2.1 The Company was incorporated and registered in England and Wales under the Companies Act on 5 September 2007 under the name Oil Management Services Ltd with registered number 06362470 as a private company limited by shares. On 24 May 2011, the Company's name was changed to Tan Delta Systems Ltd.
- 2.2 On 28 July 2023, the Company was re-registered as a public limited company under the Companies Act and changed its name to Tan Delta Systems plc.
- 2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Ordinary Shares exist is the Companies Act and regulations made thereunder.
- 2.4 The registered office and principal place of business of the Company is 1 Carrera Court, Dinnington, Sheffield, South Yorks, England, S25 2RG.
- 2.5 The Company's website, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is <https://www.tandeltasystems.com/> and its telephone number is +44 (0) 845 094 8710.
- 2.6 The principal activity of the Company is to design and sell oil condition analysis sensors for use within engines, hydraulics and gearboxes. The Company also acts as the holding company of the Group which comprises the Company and Lubrigard Limited (which will be dissolved on 15 August 2023) as set out in paragraph 4 below.
- 2.7 The accounting reference date of the Company is 31 December.

#### **3. REORGANISATION**

- 3.1 In connection with Admission, the Reorganisation was undertaken by the Company (i) to reorganise its share capital such that it satisfies the minimum capital requirements for registration as a public limited company of at least £50,000, (ii) to ensure that the Company's net assets are not less than the aggregate of its called-up share capital and undistributable reserves, and (iii) to reregister the Company as a public limited company. The Reorganisation comprised the following steps which have been or are to be implemented by Admission:

*Step 1: Subdivision of ordinary shares*

- 3.2 On 1 June 2023, each of 45,180 ordinary shares of £0.01 each in issue in the capital of the Company were sub-divided into 451,800 ordinary shares of £0.001 each, such that the Company's issued share capital immediately following completion of such sub-division comprised 451,800 ordinary shares of £0.001 each.

*Step 2: Bonus issue on a 110 for 1 basis*

- 3.3 Following completion of the sub-division described in paragraph 3.2 above, on 1 June 2023, a bonus issue of 110 for 1 took place in order to take the share capital to just above £50,000, the minimum requirement for registration as a public limited company. The bonus shares issued were 49,698,000 ordinary shares of £0.001 each of the same description and in the same proportion to individual existing shareholdings. This ensured that there were no changes in shareholder values. The Company's issued share capital immediately following completion of the bonus issue comprised 50,149,800 ordinary shares of £0.001 each.

*Step 3: Capital reduction*

- 3.4 Following completion of the bonus issue described in paragraph 3.3 above, on 1 June 2023, the Company's shareholders approved a capital reduction in order to minimise the Company's non-distributable reserves, maximise its net assets and therefore bring these metrics to a level that meets the requirements of section 92(1)(c) of the Companies Act which are applicable to an application of registration as a public limited company. Pursuant to this capital reduction, the Company's share premium account was cancelled and credited to a reserve. Form SH19 (Statement of capital for reduction supported by solvency statement or court order) was subsequently filed and accepted by Companies House on 5 June 2023 and confirms the share capital of the Company following the reduction of capital comprised 50,149,800 ordinary shares of £0.001 each.

*Step 4: Registration and adoption of Articles*

- 3.5 On 21 July 2023, the shareholders of the Company approved (i) the re-registration of the Company as a public limited company by the name of Tan Delta Systems plc, and (ii) the adoption of the Articles (with effect from the re-registration of the Company as a public limited company).
- 3.6 On 28 July 2023, the Company was re-registered as a public limited company and the Articles, which are appropriate for a public limited company and were adopted in substitution for and to the exclusion of all other articles of association of the Company, became effective.
- 3.7 The Reorganisation has not affected and will not affect the Company's operations which, post Reorganisation and Admission, will continue to be carried out by the Company. Lubrigard Limited, the Company's wholly owned subsidiary company, details of which are provided at paragraph 4.2 below, is a non-trading, dormant company and in the process of being struck off.

#### **4. SUBSIDIARY UNDERTAKINGS**

- 4.1 At the date of this Document, save for the Company and Lubrigard Limited, details of which are provided at paragraph 4.2 below, there are no other companies within the Group.
- 4.2 At the date of this Document, the Company has one subsidiary undertaking, the details of which are as follows:

<i>Company</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>	<i>Direct Shareholder</i>	<i>Percentage of Ownership Interest</i>	<i>Percentage of Voting Power</i>
Lubrigard Limited (03372609)	England and Wales	Non-trading, dormant	Company	100%	100%

- 4.3 An application for voluntary strike-off of Lubrigard Limited was made by the directors of Lubrigard Limited and filed at Companies House on 18 May 2023. Subsequently, the first Gazette notice was issued by Companies House on 30 May 2023 and Lubrigard Limited will be dissolved on 15 August 2023.

#### **5. SHARE CAPITAL OF THE COMPANY**

- 5.1 The register of members of the Company will be maintained by the Company's registrars from Admission, Share Registrars Limited, whose registered office is at 27-28 Eastcastle Street, London, W1W 8DH.

- 5.2 The issued fully paid-up share capital of the Company (i) as at the date of this Document but prior to the Fundraising and Admission and (ii) as it is expected to be immediately following the Fundraising and Admission is as follows:

Class of shares	Prior to the Fundraising and Admission		Immediately following the Fundraising and Admission	
	Number of shares	Aggregate nominal value (£)	Number of shares	Aggregate nominal value (£)
Ordinary	50,149,800	50,149.80	73,223,800	73,223.80

- 5.3 On incorporation, the share capital of the Company was £1.00 divided into 1 ordinary share of £1.00 each.

- 5.4 The following changes to the share capital have taken place during the period covered by the Historical Financial Information in Part IV of this Document and up to the date of this Document:

5.4.1 as at 31 December 2019, being the start of the Historical Financial Information in Part IV of this Document, the Company's share capital was £451.80 divided into 45,180 ordinary shares of £0.01 each. During the period between 31 December 2019 and 31 December 2022, being the period covered by the Historical Financial Information in Part IV of this Document, there were no changes to the share capital of the Company;

5.4.2 on 1 June 2023, the ordinary shares of £0.01 each in the Company then in issue were subdivided into ordinary shares of £0.001 each, such that the Company's issued share capital immediately following such sub-division comprised 451,800 ordinary shares of £0.001 each;

5.4.3 following completion of the sub-division referenced in paragraph 5.4.2, on 1 June 2023, a bonus issue of 110 new Ordinary Shares for every 1 already in issue took place and a total of 49,698,000 new Ordinary Shares were allotted by the Company;

5.4.4 following completion of the bonus issue referenced in paragraph 5.4.3, on 1 June 2023, the Company's shareholders approved a capital reduction pursuant to which the Company's share premium account was cancelled and credited to a reserve. Form SH19 (Statement of capital for reduction supported by solvency statement or court order) was subsequently filed and accepted by Companies House on 5 June 2023 and confirms the share capital of the Company following the reduction of capital comprised 50,149,800 Ordinary Shares; and

5.4.5 on 21 July 2023, the re-registration of the Company as a public limited company by the name of Tan Delta Systems plc and the adoption of the Articles (with effect from the re-registration of the Company as a public limited company), which are appropriate for a public limited company, in substitution for and to the exclusion of all other articles of association, was approved by the shareholders of the Company and the Company was re-registered as a public limited company on 28 July 2023 with a share capital comprising 50,149,800 Ordinary Shares.

- 5.5 On Admission, 23,074,000 fully paid new ordinary shares of £0.001 each (the New Shares) will be allotted by the Company.

- 5.6 As at the date of this Document, there are no Options outstanding over Ordinary Shares. On or shortly after Admission, the Company proposes to grant Options over 1,253,745 Ordinary Shares pursuant to the MSOP, details of which are set out at paragraph 13.12 below.

- 5.7 On 21 July 2023, the shareholders of the Company passed resolutions on the following terms:

5.7.1 to authorise the directors generally and unconditionally in accordance with section 551 of the Companies Act to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**"), provided that such authority shall be limited to:

- (a) the allotment of shares and/or grant of Rights with an aggregate nominal value of up to £24,000 in connection with the Placing; and

- (b) in addition to sub-paragraph (a) above, the allotment of shares and/or grant of Rights with an aggregate nominal value of up to £24,717 (being approximately one third of the expected issued share capital of the Company immediately following Admission,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of (i) the next annual general meeting of the Company and (ii) 31 December 2024, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority revokes and replaces all unexercised authorities previously granted to the directors but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities and

5.7.2 subject to the resolution described in paragraph 5.7.1 ("**Resolution 1**") being passed, in accordance with section 570 of the Companies Act and the Company's articles of association, to generally authorise the directors to allot equity securities (as defined in section 560 of the Companies Act) pursuant to the authority conferred by Resolution 1, as if section 561(1) of the Companies Act and the pre-emption rights contained in the Company's articles of association at the relevant time did not apply to any such allotment, provided that this power shall be limited to:

- a) the allotment of equity securities with an aggregate nominal value of up to £24,000 in connection with the Placing; and
- b) in addition to sub-paragraph (a) above, the allotment of equity securities with an aggregate nominal value of up to £7,415 (being approximately 10 per cent. of the expected issued share capital of the Company immediately following Admission),

provided that this authority shall expire on the earlier of (i) the next annual general meeting of the Company and (ii) 31 December 2024, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

5.8 Save as set out in this Part V:

- 5.8.1 no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
- 5.8.2 no person has any preferential subscription rights for any share capital of the Company;
- 5.8.3 there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in place whereby future dividends are waived or agreed to be waived;
- 5.8.4 there are no shares of the Company held by or on behalf of itself or any member of the Company;
- 5.8.5 there are no outstanding convertible securities issued by the Company; and
- 5.8.6 no share capital or loan capital of the Company is in issue and no such issue is proposed.

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

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

5.11 The Ordinary Shares were created under the Companies Act and are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders

who have requested the issue of Ordinary Shares in certificated form within 14 days after Admission. The International Securities Identification Number ("**ISIN**") for the Ordinary Shares is GB00BMV2DK99.

- 5.12 The Placing Price of 26 pence per Ordinary Share represents a premium of 25.9 pence over the nominal value of 0.1 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.

## **6. ARTICLES OF ASSOCIATION**

The Articles, which were adopted, with effect from reregistration of the Company as a public limited company, by a special resolution of the Company passed on 21 July 2023, include, amongst others, provisions to the following effect:

### **6.1 *Limited liability***

The liability of the Company's members is limited to the amount (if any) unpaid on the shares in the Company held by them.

### **6.2 *Unrestricted objects***

The objects of the Company are unrestricted.

### **6.3 *Change of name***

The Articles allow the Company to change its name by resolution of the Board. This is in addition to the power of the Company under section 77 of the Companies Act to change its name by special resolution.

### **6.4 *Rights of different classes of shares***

Subject to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of any such determination, as the Board may decide. Subject to any rights attached to any existing shares, the Company may also issue shares which are to be redeemed or which, at the option of the Company or the holder, are liable to be redeemed. The Board may decide the terms, conditions and manner of redemption of any redeemable shares which are issued.

### **6.5 *Voting rights***

Subject to any rights or restrictions as to voting attached to any shares and to any suspension or abrogation of voting rights pursuant to the Articles:

- a) on a vote on a resolution on a show of hands, every member present (not being present by proxy) and entitled to vote on the resolution has one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote (save that a proxy who has been appointed by more than one member has one vote for and one vote against if he has been instructed to vote in different ways on the resolution); and
- b) on a vote on a resolution on a poll, every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share of which he is the holder.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote on any resolution at a shareholders meeting, either in person or by proxy, if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

### **6.6 *Variation of rights***

If at any time the capital of the Company is divided into different classes of share, the rights attached to any class may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and may be so varied either while the Company is a going concern or during or in contemplation of a winding up. The quorum at any such separate meeting (other than an



adjourned meeting) shall be not less than two persons entitled to vote and holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

#### 6.7 **Transfer of shares**

A member may transfer all or any of his or her shares which are in certificated form by an instrument of transfer in any usual form or common form or in any other form approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. A member may transfer all or any of his or her shares which are in uncertificated form by means of a relevant system in accordance with the CREST Regulations.

The Board may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien provided that, in the case of a class of shares admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may refuse to register a transfer of a certificated share unless the instrument of transfer is:

- a) in respect of only one class of share;
- b) in favour of not more than four persons jointly; and
- c) lodged (duly stamped if required) at the place where the register of members is situated (or such other place as the Board may appoint) accompanied (except in the case of a transfer by a person to whom the Company is not by law required to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Board may refuse to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations or if the transfer is in favour of more than four persons jointly.

Subject to the above and subject to the transfer restrictions summarised in the paragraph headed "Suspension of rights attaching to shares" below, the Articles contain no restrictions on the free transferability of fully paid shares.

#### 6.8 **Pre-emption rights**

There are no pre-emption rights under the Articles in respect of transfers of issued shares or the allotment of new shares.

Section 561 of the Companies Act confers on holders of Ordinary Shares rights of pre-emption in respect of the allotment by the Company of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash. Under these statutory pre-emption rights, the Company is, subject to certain limited exceptions, required to offer to allot the equity securities concerned to holders of Ordinary Shares on a *pro rata* basis before allotting them to other persons. These statutory pre-emption rights have been disapplied to the extent set out in paragraph 5.7.

#### 6.9 **Suspension of rights attaching to shares**

Under section 793 of the Companies Act, the Company may send out a notice (a "section 793 notice") to any person whom the Company knows or has reasonable cause to believe to be interested in its shares (or to have been so interested at any time during the preceding three years) asking for information concerning his or her interest in the shares and information concerning any other interest in the shares of which he is aware. Where a person receives a section 793 notice and fails to provide the information required by the notice within the time specified in it, the Company can apply to the court for an order directing that the relevant shares be subject to restrictions. The effect of a court order imposing restrictions is that (i) any transfer of the shares is void, (ii) no voting rights are exercisable in respect of the shares, (iii) no further shares may be issued in right of the shares or in pursuance of an offer made to the holder of them, and (iv) except in a liquidation, no payment may be made of sums due from the Company on the shares (whether in respect of capital or otherwise). The Articles also contain provisions for the imposition of restrictions on shares in circumstances where

a person fails to comply with a section 793 notice which are described below.

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 793 notice and has failed in relation to any shares (the “default shares” which expression includes any further shares issued in respect of those shares) to give the Company the information required by the notice for a period of 14 days from the date of its service, then (unless the Board otherwise determines) the following sanctions apply:

- a) the member is not entitled in respect of the default shares to attend or to vote (either in person or by proxy) at any meeting or on a poll or to exercise any other right conferred by membership in relation to shareholder meetings;
- b) where the default shares represent 0.25 per cent. or more in nominal value of the issued shares of any class of shares (excluding any shares of that class held as treasury shares):
  - (i) any dividend or any other amount payable in respect of the default shares is to be withheld by the Company (without the Company being liable to pay interest on it) and the member is not entitled to elect to receive shares in lieu of dividend; and
  - (ii) save for an excepted transfer, no transfer of any default shares is to be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares included the subject of the transfer.

Where the sanctions described above apply, they cease to have effect (and any dividend or other money withheld becomes payable) at the expiry of seven days (or such shorter period as the Board may decide) following the earlier of:

- a) the date on which the Company receives notification that the default shares have been transferred by means of an excepted transfer; and
- b) the date on which the Company receives, in a form satisfactory to the Board, all of the information required by the relevant section 793 notice.

For the purposes of the above, an “excepted transfer” is (i) a transfer by way of acceptance of a takeover offer, (ii) a transfer in consequence of a sale made through a recognised investment exchange or any other stock exchange outside the UK on which the Company’s shares are normally traded or (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

#### 6.10 **Dividends**

The Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. If and so far as in the opinion of the Board, the profits of the Company available for distribution justify such payments, the Board may declare and pay (i) interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as the Board thinks fit and (ii) fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of those dividends.

Except as otherwise provided by the rights attaching to, or the terms of issue of, any shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid and shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose, no amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share.

Unless otherwise provided by the rights attaching to the share, no dividend payable in respect of a share shall bear interest as against the Company. The Board may deduct from any dividend payable to any person in respect of a share all such sums as may be due from that person to the Company on account of calls or otherwise in relation to shares in the Company.

Any unclaimed dividend may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of 12 years after it was declared or became due for payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company.

The Board may, with the prior authority of an ordinary resolution of the Company, offer holders of Ordinary Shares (excluding Ordinary Shares held as treasury shares) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend specified by the ordinary resolution. The ordinary resolution may specify a particular dividend or dividends (whether declared or not) or may specify all or any dividends declared within a specified period, but such period may not end later than the fifth anniversary of the date of the meeting at which the resolution is passed.

#### 6.11 ***Distribution of assets on liquidation***

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by legislation, divide among the members in specie the whole or any part of the assets of the Company. For this purpose, the liquidator may set such value as he considers fair on any one or more class or classes of property and may determine how such division shall be carried out as between members or classes of members. The liquidator may, with the same authority, may transfer the whole or any part of the assets to trustees on such trusts for the benefit of members as he thinks fit.

#### 6.12 ***Annual general meetings***

In accordance with the requirements of the Companies Act, the Company must hold a general meeting as its annual general meeting in each six-month period following its accounting reference date.

#### 6.13 ***Convening of general meetings***

The Board may call a general meeting whenever it thinks fit. The Board must, on the requirement of the members under the Companies Act, call a general meeting in accordance with the requirements of the Companies Act.

The Board may make whatever arrangements it considers fit to allow those entitled to do so to attend and participate in any general meeting (including by electronic means and/or from multiple locations), provided that general meetings are not held exclusively on an electronic basis.

#### 6.14 ***Notice of general meetings***

General meetings must be called by at least such minimum period of notice as is required under the Companies Act which, in the case of an annual general meeting, is 21 clear days' notice and, in the case of other general meetings, is 14 clear days' notice. Notice of the meeting must be given to the members (other than any members who, under the Articles or by virtue of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and to the auditors of the Company. The accidental omission to send notice of a general meeting to any person entitled to receive it does not invalidate the proceedings of the meeting.

Every notice of a general meeting must specify (i) the time, date and place of the meeting, (ii) (in the case of an annual general meeting) that the meeting is an annual general meeting, (iii) the general nature of the business to be transacted at the meeting and (iv) any intention to propose a resolution as a special resolution. In addition, the notice must specify, with reasonable prominence, that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, that a member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to different shares and that a proxy need not be a member.

6.15 **Quorum**

No business is to be transacted at any general meeting unless a quorum is present. The quorum for a general meeting is two members present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

6.16 **Method of voting**

At any general meeting, a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is demanded in accordance with the Articles.

6.17 **Number and appointment of Directors**

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two but shall not be subject to any maximum number. Directors may be appointed by the Company by ordinary resolution or by the Board, in each case either to fill a casual vacancy or as an addition to the existing Board.

A Director is not required to hold any shares in the Company by way of qualification.

6.18 **Retirement of Directors**

At each annual general meeting, any Director:

- a) who has been appointed by the Board since the preceding annual general meeting; or
- b) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- c) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office but shall be eligible for re-appointment.

6.19 **Removal of a Director by resolution of the Company**

In addition to any power of removal conferred by the Companies Act, the Company may by ordinary resolution remove any Director from office and appoint another person in place of a Director so removed.

6.20 **Vacation of office**

The Articles provide for the office of a Director to be vacated in the following circumstances:

- a) if he or she resigns or offers to resign and the Board resolves to accept such offer;
- b) if he or she ceases to be a Director by virtue of any provision of the Companies Act, is removed from office pursuant to the Articles or the Companies Act or becomes prohibited by law from acting as a Director;
- c) if he or she becomes bankrupt, has an interim receiving order made against him or her, makes any arrangement with or compounds with his or her creditors generally or applies to the court for an interim order under the Insolvency Act 1986 in connection with a voluntary arrangement under that Companies Act;
- d) if he or she is, or may be, suffering from mental disorder or is otherwise incapable of managing his or her affairs and either:
  - (i) an order is made by any court or official having jurisdiction (whether in the UK or elsewhere) in matters concerning mental disorder for his or her detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his or her property or affairs; or
  - (ii) he or she is admitted to hospital following an application for admission for treatment under the Mental Health Act 1983 or any similar legislation in any other jurisdiction, and the Board resolves that his or her office be vacated;

- e) if he or she is absent from meetings of the Board for a period of six consecutive months without the permission of the Board and his or her alternate Director (if any) has not attended in his or her place during that period and the Board resolves that his or her office be vacated;
- f) (without prejudice to any claim for damages which he or she may have for breach of any contract between him or her and the Company) if he or she is removed from office by a notice in writing addressed to him or her at his or her last known address signed by at least three fourths in number of his or her co-Directors; or
- g) in the case of any Director who holds any executive office with the Company, if his or her appointment as such is terminated or expires and the Board resolves that his or her office be vacated.

#### 6.21 ***Alternate directors***

Any Director may appoint any other Director to be his or her alternate and may remove any alternate appointed by him or her. Any appointment or removal of an alternate Director is effected by notice to the Company signed by the Director making or revoking the appointment and sent to or received by the Company at the registered office of the Company or at an address specified by the Company for the purpose of communication by electronic means or tabled at a meeting of the Board or in any other manner approved by the Board.

#### 6.22 ***Directors' remuneration and expenses***

Each Director is entitled to be paid by way of remuneration for his or her services as a Director such fee as may be decided by the Board but the aggregate of all fees so paid to Directors must not exceed £250,000 per annum (or such higher amount as may be decided by ordinary resolution of the Company). Such fee shall be distinct from and additional to any salary, remuneration or other benefits which may be paid or provided to a Director under any other provision of the Articles, including any salary of remuneration payable to an executive Director.

Any Director who performs any special or extra services which in the opinion of the Board are outside the scope of his or her ordinary duties as a Director and not in his or her capacity as a holder of employment or executive office may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide in addition to any remuneration paid or provided for pursuant to any other provision of the Articles.

The salary or remuneration of any Director appointed to hold any employment or executive office shall be such as the Board may decide and may be either a fixed sum of money or may, in whole or in part, be governed by business done or profits made or otherwise decided by the Board. Any such salary or remuneration may be in addition to or in lieu of any fee payable to him for his or her services as a Director under the Articles.

Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him or her in or about the performance of his or her duties as a Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or shareholder meetings.

#### 6.23 ***Pensions and other benefits***

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) to or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings, members of his or her family and his or her dependents.

The Board may also exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings.

#### 6.24 ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 6.25 ***Proceedings of the Directors***

Subject to the provisions of the Articles, the Board may regulate its proceedings as it thinks fit. The quorum necessary for the transaction of business may be determined by the Board and, unless so determined at any other number, shall be two. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the powers vested in or exercisable by the Board. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting has a second or casting vote.

A resolution in writing signed by all the Directors who would have been entitled to vote on the resolution at a meeting of the Board (provided that those Directors would have formed a quorum at such a meeting) is as valid and effective as a resolution duly passed at a meeting of the Board.

#### 6.26 ***Directors' conflicts of interest***

The Board may authorise any situation or matter in which a Director (an "Interested Director") has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in the Interested Director being in breach of his or her statutory duty to avoid conflicts of interest. An Interested Director seeking authorisation of a conflict of interest must declare to the Board the nature and extent of his or her interest giving rise to the conflict as soon as reasonably practicable. An Interested Director must not be counted in the quorum or vote in respect of any resolution of the Board giving such authorisation.

Where the Board authorises a situation or matter, it may impose on the Interested Director such terms for the purpose of dealing with the conflict of interest as the Board may determine.

#### 6.27 ***Permitted interests of Directors***

A Director, notwithstanding his or her office, may:

- a) be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;
- b) hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of Director or act by himself or herself through a firm with which he or she is associated in a professional capacity for the Company or any body corporate in which the Company is directly or indirectly interested (otherwise than as auditor);
- c) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested (including by the holding of shares or other securities) in, any body corporate promoted by the Company or in which the Company is otherwise directly or indirectly interested or as regards which the Company has any powers of appointment; and
- d) be a director of any body corporate in which the Company is not directly or indirectly interested if, at the time of his or her appointment as a director of that other company, such appointment cannot reasonably be regarded as giving rise to a conflict of interest.

If a Director has any interest referred to above, he must, subject to certain exceptions, declare the nature and extent of that interest to the Board. The declaration must be made as soon as is reasonably practicable and, in the case of an interest in a proposed transaction or arrangement with the Company, before the Company enters into the transaction or arrangement.

#### 6.28 ***Directors not liable to account***

A Director is not liable to account to the Company for any benefit which he or she derives from any transaction or arrangement or from any office, employment, position or relationship or from any



interest in any body corporate if the relevant matter has been authorised by the Board (subject, in any such case, to the terms of such authorisation) or is permitted under the Articles.

No transaction or arrangement is liable to be avoided on the grounds that a Director has an interest in it (or derives a benefit from it) if the interest has been authorised by the Board or is permitted under the Articles.

#### 6.29 ***Restrictions on voting by Directors***

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board (or of a Board committee) concerning any transaction or arrangement in which he or she has a direct or indirect interest. However, this prohibition does not apply to any resolution concerning a transaction or arrangement in which his or her interest cannot reasonably be regarded as likely to give rise to a conflict of interest or to any resolution concerning:

- a) the giving of any guarantee, security or indemnity to the Director or any other person in respect of (i) money lent or obligations incurred by him or her or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- b) an offer by the Company or any of its subsidiary undertakings of securities for subscription, purchase or exchange, in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he or she is to participate;
- c) a transaction or arrangement in which he or she has an interest only by virtue of an interest in shares, debentures or other securities of the Company or by reason of any other interest in or through the Company;
- d) a transaction or arrangement concerning any other body corporate in which the Director (or any person connected with him or her) is interested (directly or indirectly) and whether as an officer, shareholder, creditor, employee or otherwise, if he or she and any persons connected with him or her do not to his or her knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital of that body corporate or the voting rights available to members of that body corporate;
- e) a transaction or arrangement concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefit scheme or employees' share scheme which relates both to directors and employees of the Company or any of its subsidiary undertakings and does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the fund or scheme relates;
- f) a transaction or arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the transaction or arrangement relates;
- g) any proposal relating to the purchase or maintenance of insurance against any liability for the benefit of any Directors (or of persons who include Directors);
- h) the giving of indemnities in favour of Directors; and
- i) the funding of expenditure incurred or to be incurred by any Director in defending any criminal or civil proceedings or in connection with an application to the court for relief or in defending him in any investigation by, or against action proposed to be taken by, a regulatory authority or the doing of anything to enable any Director to avoid incurring any such expenditure.

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board concerning his or her own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested.



### 6.30 **Indemnification of Directors**

Subject to the Companies Act, every Director is entitled to be indemnified by the Company against any liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company (other than any liability to the Company or any associated company or any liability of the kind referred to in section 234(3) of the Companies Act) and any other liability incurred by him or her in the performance of his or her duties.

Subject to the Companies Act, the Company may provide a Director with funding to meet his or her expenditure in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust in relation to the Company or any associated company. The Company may also provide a Director with funding to meet his or her expenditure in connection with any investigation or action undertaken by a regulatory authority.

The above is a summary only of certain provisions of the Articles. The full provisions of the Articles are available on the Company's website at <https://www.tandeltasystems.com/>.

## 7. **TAKEOVER CODE, MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES**

### 7.1 **Takeover Code**

The Takeover Code is issued and administered by the Panel. At the date of this Document, the Company, as a public limited company, is subject to the Takeover Code and therefore its Shareholders will be entitled to the protections afforded by the Takeover Code.

### 7.2 **Mandatory takeover bids**

7.2.1 Under Rule 9 of the Takeover Code, any person who acquires an interest in Ordinary Shares which, taken together with Ordinary Shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code is normally required to make an offer to all the remaining shareholders to acquire their Ordinary Shares. Similarly, when any person, together with persons acting in concert with that person, is interested in Ordinary Shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold Ordinary Shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if any further interests in Ordinary Shares carrying voting rights are acquired by such person or any person acting in concert with that person. An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in Ordinary Shares of the Company during the 12 months prior to the announcement of the offer.

7.2.2 The Takeover Code defines persons “**acting in concert**” to comprise “persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company”. The Takeover Code defines “*control*” to mean “an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interest give de facto control.”

### 7.3 **Concert Party position and Rule 9 implications**

7.3.1 Under paragraph (10) of the definition of “Acting in concert” in the Takeover Code, it is presumed (unless the contrary can be established) that a concert party arises in relation to shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

7.3.2 The table below shows the number of Existing Ordinary Shares held by members of the Concert Party as at the date of this Document, as well as the percentage holdings of the Enlarged Share Capital and the voting rights in the Company of each member of the Concert Party on Admission.

	<i>Prior to Admission</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>
Simon Rogers	11,999,100	23.93%	11,351,449	15.50%
Jonathan Horne	11,997,990	23.92%	11,350,400	15.50%
Simon Tucker	9,963,360	19.87%	9,425,589	12.87%
Richard Booth	6,891,990	13.74%	6,519,996	8.90%
Christopher Greenwood	4,777,440	9.53%	4,777,440	6.52%
Robert and Amanda Persey	3,182,370	6.35%	3,182,370	4.35%
Stephen Pearce	1,337,550	2.67%	1,337,550	1.83%
<b>Total</b>	<b>50,149,800</b>	<b>100.00%</b>	<b>47,944,794</b>	<b>65.48%</b>

Following Admission, the members of the Concert Party will between them hold more than 50 per cent. of the issued voting share capital of the Company and (for so long as they continue to be treated as acting in concert) may accordingly increase their aggregate interests in the Company's shares without incurring any further obligation under Rule 9 of the City Code to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold (between an interest of 30 per cent. and a holding of 50 per cent. of the Company's shares carrying voting rights) without Panel consent.

#### 7.4 **Compulsory acquisition – squeeze out**

7.4.1 Under the Companies Act, if a person who has made a general offer to acquire Ordinary Shares were to acquire 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

#### 7.5 **Compulsory acquisition – sell out**

7.5.1 The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a general offer as described in the above paragraph. If, at any time before the end of the period within which the general offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can require the offeror to acquire his or her Ordinary Shares. The offeror would be required to give any Shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

7.5.2 As at the date of this Document, the Company is not in receipt of, nor subject to, a takeover offer (as defined in section 974 of the Companies Act).

## 8. DISCLOSURE OF INTERESTS IN THE COMPANY

### 8.1 *Directors' and other interests*

8.1.1 The interests of each of the Directors in the ordinary share capital of the Company (all of which are beneficial except where expressly provided otherwise) which have been or will be required to be notified to the Company pursuant to section 5 of the Disclosure Guidance and Transparency Rules or which will be required to be maintained under the provisions of section 808 of the Companies Act, or which are interests of a person connected with any of the Directors (within the meaning of section 252 of the Companies Act), which interests would be required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules, and the existence of which is known to the Directors or could with reasonable diligence be ascertained by them as at 11 August 2023 (being the last date practicable prior to the publication of this Document) and as at Admission are as set out below:

<i>Shareholder</i>	<i>At the date of this Document</i>		<i>Immediately following the Fundraising and Admission</i>		
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Number of Options on Admission</i>
Christopher John Greenwood	4,777,440	9.53%	4,777,440	6.52%	1,002,996
Simon Richard Tucker	9,963,360	19.87%	9,425,589	12.87%	–
Stephen Dean Johnson	–	–	–	–	250,749
Timothy John Croston	–	–	–	–	–

8.1.2 Save as disclosed in this paragraph 8 none of the Directors nor any member of their families, nor any person connected with them within the meaning of section 252 of the Companies Act, has any interest in the issued share capital of the Company.

8.1.3 Save as disclosed in this Document, as at the date of this Document, no Director has an option over or warrant to subscribe for any Ordinary Shares in the Company.

8.1.4 Save as disclosed in this Document, there are no agreements, arrangements, or understandings (including compensation agreements) between any of the Directors, previous directors of the Company, Shareholders, or recent shareholders of the Company connected with or dependent upon Admission or the Placing.

## 9. SIGNIFICANT SHAREHOLDERS

- 9.1 Other than set out in paragraph 8 above, the Company is aware of the following persons who, as of 11 August 2023 (being the latest practicable date before publication of this Document) and on Admission, have interests in voting rights over 3 per cent. or more of the issued share capital of the Company ("**Significant Shareholders**"):

Shareholder	At the date of this Document		Immediately after the Fundraising and Admission		
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital	Number of Options on Admission
Simon Francis Rogers	11,999,100	23.93%	11,351,449	15.50%	–
Jonathan Michael Horne	11,997,990	23.92%	11,350,400	15.50%	–
Amati Global Investors	–	–	7,212,000	9.85%	–
Gresham House	–	–	7,212,000	9.85%	–
Richard Booth	6,891,990	13.74%	6,519,996	8.90%	–
Robert and Amanda Persey	3,182,370	6.35%	3,182,370	4.35%	–
Octopus Investments	–	–	2,906,000	3.97%	–

- 9.2 Save as disclosed above, the Directors are not aware of any person or persons who, directly or indirectly, have an interest in the Company which represents 3 per cent. or more of its issued share capital or voting rights who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 9.3 Neither the Directors nor any Significant Shareholders have different voting rights to other holders of the share capital of the Company.
- 9.4 Save as disclosed in this Document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 9.5 The Company's share capital consists of one class of ordinary share with equal voting rights (subject to the Articles). No Significant Shareholder of the Company has any different voting rights from the other Shareholders.

## 10. ARRANGEMENTS WITH DIRECTORS

- 10.1 Save as disclosed in this Document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company during the current or immediately preceding financial year or which were affected during any earlier financial year and remain in any respect outstanding or unperformed.
- 10.2 Save as disclosed in this Document, there are no outstanding loans or guarantees provided by the Company or to or for the benefit of any of the Directors.
- 10.3 There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties they may have.
- 10.4 No Director nor any member of his or her immediate family nor any person connected with him or her (within the meaning of section 252 of the Companies Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

## 11. ADDITIONAL INFORMATION ON THE DIRECTORS

- 11.1 The Directors and their respective functions are set out in paragraph 10 of Part I of this Document.

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

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Christopher John Greenwood	Lubrigard Limited	–
Simon Richard Tucker	Software Radio Technology Limited SRT Marine System Solutions Limited SRT Marine Systems plc EM-Trak Marine Electronics Ltd SRT Marine Technology Limited Abercrombie & Associates GmbH	Altona Rare Earths plc
Stephen Dean Johnson	–	Tribosonics Ltd
Timothy John Croston	Just Bee Honey Limited	Nichols plc Unilad Group Limited Ladbible Group Limited LBG Holdco Limited LBG Media plc Riverside Urban Services Ltd Riverside Consultancy Services Limited Beacon Holdings Limited Miniurban Limited Festival Drinks Limited Whirley Drinkworks UK Limited Cariel Soft Drinks Limited Dayla Liquid Packing Limited The Noisy Drinks Co Ltd Adrian Mecklenburgh Limited Vimto (Out Of Home) Limited Alexander Drink Distributors Limited The Noisy Drink Company North West Limited Cabana Soft Drinks Limited DJ Drink Solutions Limited Beacon Drinks Limited Ben Shaws Dispense Drinks Limited Ladbible Australia Pty Limited Ladbible Ireland Limited Ladbible New Zealand Limited Ladbible US Inc. The Riverside Group Limited

- 11.3 Save as disclosed below in paragraphs 11.2 and 11.4 of this Document, none of the Directors:
- 11.3.1 is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this Document;
  - 11.3.2 has any unspent convictions in relation to indictable offences;
  - 11.3.3 has been declared bankrupt or has entered into an individual voluntary arrangement;
  - 11.3.4 was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
  - 11.3.5 was a partner in a partnership at the time of or within the 12 months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;
  - 11.3.6 has had any asset which has been subject to a receivership or was a partner in a partnership at the time of or within the 12 months preceding any asset of the partnership being subject to a receivership; or
  - 11.3.7 has been the subject of any public criticism by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 11.4 Simon Richard Tucker was a director of SRT PMR Technology Limited ("**SRT PMR**") when it was placed into administration on 31 December 2008 due to being unable to continue to trade because of delays in receiving payments due from customers which amounted to £1.7 million (as stated in the accounts to 31 March 2008). The joint administrators appointed subsequently ended the administration of SRT PMR and place the company into creditors' voluntary liquidation, notice of which was filed at Companies House on 7 July 2009. The amount owing to unsecured creditors, excluding intercompany balances owed to Software Radio Technology Plc, SRT PMR's holding company, was approximately £1.4 million. SRT PMR was subsequently dissolved on 9 December 2014.
- 11.5 Details of the length of service of each Director with the Company to date are set out below:

<i>Name</i>	<i>Commencement Date</i>
Christopher John Greenwood	1 February 2010
Simon Richard Tucker	16 May 2013
Stephen Dean Johnson	Admission
Timothy John Croston	Admission

## **12. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

- 12.1 The Directors have entered into service agreements or letters of appointment which are summarised below.

### **12.2 *Executive Directors***

#### **12.2.1 *Christopher John Greenwood***

On 11 August 2023, Christopher John Greenwood entered into a new service agreement with the Company pursuant to which his appointment as Chief Executive Officer was confirmed. The agreement can be terminated by either party giving to the other not less than 12 months' prior notice in writing. The Company may, in its absolute discretion, terminate the agreement at any time and with immediate effect by notifying Mr Greenwood that it is doing so and making a payment in lieu of notice. In addition, the agreement contains provisions for summary termination by the Company (without payment in lieu of notice or compensation), *inter alia*, in the event of serious or repeated breach or non-observance of any of the provisions of the agreement or gross misconduct in connection with or affecting the business of the Company or the Group. The basic salary payable to Mr Greenwood is

£130,000 per annum. This is to be reviewed from time to time without any obligation on the Company to increase the same. The service agreement contains a non-compete restrictive covenant for a period of nine months and other restrictive covenants for a period of 12 months following the termination of his employment. The Company may, in its absolute discretion, following all due consideration by the Company's remuneration committee, pay Mr Greenwood a bonus of such amount, at such intervals and subject to such conditions or specific performance targets as it may in its absolute discretion determine from time to time, provided the amount of any discretionary bonus awarded to Mr Greenwood cannot exceed an amount of 30 per cent. of his basic salary. Any bonuses will be paid subject to all applicable deductions and withholdings which are required to be made by law. The bonus will not form part of Mr Greenwood's contractual remuneration and will not be pensionable. In connection with his employment by the Company (and under the terms of a separate opt-out agreement) Mr Greenwood has opted out of the maximum weekly time limit imposed by regulation 4(1) of the Working Time Regulations 1998. The agreement is governed by the law of England and Wales.

#### 12.2.2 *Stephen Dean Johnson*

On 11 August 2023, Stephen Dean Johnson entered into a new service agreement with the Company pursuant to which his appointment as Chief Financial Officer was confirmed. The agreement can be terminated by either party giving to the other not less than three months' prior notice in writing. The Company may, in its absolute discretion, terminate the agreement at any time and with immediate effect by notifying Mr Johnson that it is doing so and making a payment in lieu of notice. In addition, the agreement contains provisions for summary termination by the Company (without payment in lieu of notice or compensation), *inter alia*, in the event of serious or repeated breach or non-observance of any of the provisions of the agreement or gross misconduct in connection with or affecting the business of the Company or the Group. The basic salary payable to Mr Johnson is £100,000 per annum. This is to be reviewed from time to time without any obligation on the Company to increase the same. The service agreement contains restrictive covenants (including a non-compete provision) for a period of 6 months following the termination of his employment. The Company may, in its absolute discretion, following all due consideration by the Company's remuneration committee, pay Mr Johnson a bonus of such amount, at such intervals and subject to such conditions or specific performance targets as it may in its absolute discretion determine from time to time, provided the amount of any discretionary bonus awarded to Mr Johnson cannot exceed an amount of 30 per cent. of his basic salary. Any bonuses will be paid subject to all applicable deductions and withholdings which are required to be made by law. The bonus will not form part of Mr Johnson's contractual remuneration and will not be pensionable. In connection with his employment with the Company (and under the terms of a separate opt-out agreement) Mr Johnson has opted out of the maximum weekly time limit imposed by regulation 4(1) of the Working Time Regulations 1998. The agreement is governed by the law of England and Wales.

### 12.3 **Non-Executive Directors**

#### 12.3.1 *Simon Richard Tucker*

Pursuant to a non-executive letter of appointment with the Company dated 11 August 2023, Mr Tucker will be appointed by the Company as a Non-Executive Director and non-independent, non-executive chairman of the Company with effect from Admission.

The appointment is for an initial term of three years, subject to shareholder review and re-election and is terminable earlier by either side giving three months' notice at any time. The Company can also terminate the appointment with immediate effect on written notice in certain circumstances, including where Mr Tucker becomes unable to perform his duties to the reasonable satisfaction of the Board.

The fee payable to Mr Tucker will be £30,000 per annum before tax, payable monthly in arrears, and Mr Tucker is required to devote at least 2 days per month to working for the Company.



The letter of appointment is governed by English law and contains customary confidentiality obligations.

#### 12.3.2 *Timothy John Croston*

Pursuant to a non-executive letter of appointment with the Company dated 11 August 2023, Mr Croston will be appointed by the Company as a Non-Executive Director with effect from Admission.

The appointment is for an initial term of three years, subject to shareholder review and re-election and is terminable earlier by either side giving three months' notice at any time. The Company can also terminate the appointment with immediate effect on written notice in certain circumstances, including where Mr Croston becomes unable to perform his duties to the reasonable satisfaction of the Board.

The fee payable to Mr Croston will be £30,000 per annum before tax, payable monthly in arrears, and Mr Croston is required to devote at least 2 days per month to working for the Company.

The letter of appointment is governed by English law and contains customary confidentiality obligations.

### 13. **SHARE OPTION PLAN**

#### 13.1 **Introduction**

The Company recognises the importance of ensuring that the management and employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Group. The ongoing success of the Group depends to a high degree on retaining and incentivising the performance of key members of senior management. To that end, the Company intends to establish, with effect from Admission, the MSOP, which allows for the grant of enterprise management incentive share options, which qualify for favourable tax treatment under the provisions of Schedule 5 to ITEPA ("**EMI Options**") and non-tax advantaged options (EMI Options and non-tax advantaged options together "**Options**"). Options will not be transferable. Only the person to whom an Option is granted or his or her personal representatives may acquire Ordinary Shares pursuant to an Option. Benefits provided under the MSOP are not pensionable.

#### 13.2 **Administration**

The Remuneration Committee has overall responsibility for the operation and administration of the MSOP.

#### 13.3 **Eligibility**

In order to be granted an Option under the MSOP, an individual must be an employee or executive director of the Company or any other Group Company. In order to be granted an EMI Option, an individual must be an employee of the Company or any other Group Company and meet the requirements as set out in Schedule 5 to ITEPA.

The Remuneration Committee has discretion to select the employees and / or executive directors to whom Options may be granted under the MSOP.

#### 13.4 **Grant of Options**

No Options will be granted under the MSOP after the tenth anniversary of the date of its adoption.

Options granted under the MSOP will be documented by way of a written agreement which shall contain the information required by Schedule 5 of ITEPA ("**Option Agreement**").

Options under the MSOP must be granted with an exercise price that is no less than the closing price of an ordinary share on the business day immediately before the date an Option is granted.

Options under the MSOP may, save in exceptional circumstances, only be granted within a period of 42 days after the MSOP is adopted by the Board or within a period of 42 days following the date of announcement by the Company of its interim or final results (or as soon as practicable thereafter if the Company is restricted from being able to grant Options during such period).

### 13.5 **Size of EMI Options grants/plan limits**

The Company will grant EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code (as defined in Section 527(3) of ITEPA).

Under the EMI Code, an employee may hold EMI Options over Ordinary Shares with a value (as at the date of grant) of up to £250,000. Where this threshold is exceeded, the employee may not receive EMI Options for three years. He may, however, receive non-tax advantaged options.

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

Treasury shares count towards this limit, as do Ordinary Shares issued to the trustee of an employees' trust. However, Ordinary Shares issued to the trustee of an employees' trust are not counted a second time if those shares are subsequently placed under option or used to satisfy Options. No account will be taken of Ordinary Shares which an employees' trust purchases in the market or of Options which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

### 13.6 **Performance Targets**

The Remuneration Committee may impose targets which will determine the extent to which Options will vest. The performance targets will be set out in the Option Agreement. In the event that a performance condition is imposed, it must be fulfilled prior to the exercise of the Options. However, the Remuneration Committee has discretion to vary or waive performance conditions if it considers that this is appropriate, provided that any varied performance condition is not, in the reasonable opinion of the Remuneration Committee, materially more difficult to satisfy than any the original performance condition.

### 13.7 **Vesting and Exercise of Options**

The date that an Option vests and first becomes exercisable will be set out in each option agreement. The Options shall vest annually, in equal tranches, over a course of five years (the "**Normal Vesting Date**") commencing on the vesting commencement date (as set out in Option Agreement).

Options may vest earlier than a date set out in an option agreement if the Company is acquired by a third party. Options may then be exercised to the extent determined by the Remuneration Committee, taking into account the extent to which the performance targets have been met and the proportion of the vesting/performance period that has elapsed. Alternatively, Options may be exchanged for options over shares in an acquiring company, if the Company is acquired and the third party agrees.

The Options shall be exercisable in respect of vested shares on the first anniversary of each Normal Vesting Date. Therefore, the Option will be exercisable over all option shares on the sixth anniversary of the date of grant, being the first anniversary of the last Normal Vesting Date.

The earliest date that an Option may be exercised (outside of any other exercise or lapse event) shall be the first anniversary of the first Normal Vesting Date.

### 13.8 **Leavers**

If a participant ceases to hold office or employment with the Group after the Normal Vesting Date for any reason other than summary dismissal their Options shall lapse in respect to any portion which has yet to vest and shall be exercisable over any vested portion of the Options from the earlier of the

first anniversary of them becoming a leaver or on a change of control. If a participant ceases to hold office or employment with the Group by reason of summary dismissal, their Options shall lapse in full whether or not vested.

If the participant ceases to be an employee due to death, his or her personal representatives shall be permitted to exercise his or her Options within 12 months of the participant's death to the extent to which any performance condition has been met.

### 13.9 ***Rights attaching to shares***

Ordinary Shares issued in connection with the exercise of Options will rank equally with Ordinary Shares then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date on which the allottee is entered on the register of member). Application will be made for admission to trading on AIM of new Ordinary Shares issued.

### 13.10 ***Variation of share capital***

If there is any alteration of the issued share capital of the Company, the number of Ordinary Shares subject to an Option and the exercise price of a market value option will be subject to adjustments. The Board may adjust Options in such manner as it determines to be appropriate.

### 13.11 ***Alteration of the MSOP***

The Board or Remuneration Committee has discretion from time to time to amend the MSOP. Amendments to the definition of who may participate in the MSOP, provisions relating to the limits set out in the EMI Code or provisions relating to a variation of share capital, must have the prior consent of the Company (other than where they amount to a de minimis change).

Additionally, no amendments may be made which materially adversely affect the subsisting rights of an existing participant, unless the participant consents to it.

### 13.12 ***Proposed Option Grant on Admission***

The Company proposes to grant Options over Ordinary Shares pursuant to the MSOP to the following Directors and employees of the Group on or shortly after Admission, for nil consideration.

<i>Employee/Director</i>	<i>Number of Ordinary Shares to be placed under Option</i>	<i>Exercise price</i>	<i>Exercise period</i>
Christopher John Greenwood	1,002,996	To be equal to the Placing Price.	On the anniversary of vesting commencement date and each anniversary thereafter in respect of vested shares.
Stephen Dean Johnson	250,749	To be equal to the Placing Price.	On the anniversary of vesting commencement date and each anniversary thereafter in respect of vested shares.

## 14. **EMPLOYEES**

- 14.1 At the date of this Document, the Company employs 11 permanent employees as noted in paragraph 14.2 below. The following table shows a number of permanent employees working for the Company as of 31 December 2020, 31 December 2021 and 31 December 2022:

<i>Year</i>	<i>Number of employees</i>
31 December 2020	11
31 December 2021	9
31 December 2022	11

- 14.2 The following table shows the number of permanent employees working for the Company as of the date of this Document:

<i>Activity</i>	<i>Number of employees</i>
Management <sup>1</sup>	5
Engineering, Production and Operations	6
Total	11

<sup>1</sup> This figure includes the statutory directors of the Company as at the date of this Document.

- 14.3 It is anticipated that following Admission, the Company will retain its current employee levels and will look to increase the level of employees in line with the anticipated growth of the Company.

## 15. PRINCIPAL ESTABLISHMENT

The Company's registered office, head office, principal place of business and principal establishment is at 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG.

## 16. MATERIAL CONTRACTS

- 16.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the two years immediately preceding the date of this Document and are, or may be, material:

### 16.1.1 **PrimaryBid Engagement Letter**

Under a letter of engagement dated 4 August 2023 between the Company, the PrimaryBid Offer Selling Shareholders and PrimaryBid ("**PrimaryBid Engagement Letter**"), PrimaryBid has agreed to conduct the PrimaryBid Offer via PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms. The Company has agreed to indemnify PrimaryBid against certain liabilities and separately each of the PrimaryBid Offer Selling Shareholders have severally agreed to indemnify the Company in respect of any claim under the indemnity it gives to PrimaryBid which relates to a default by the PrimaryBid Offer Selling Shareholder. The PrimaryBid Engagement Letter is governed by, and construed in accordance with, English law.

### 16.1.2 **Placing Agreement**

Under an agreement dated 11 August 2023 and made between the Company, the Directors and Zeus (the "**Placing Agreement**"), Zeus has agreed conditionally, *inter alia*, on Admission becoming effective not later than 8.00 a.m. on 18 August 2023 (or such later date as the Company and Zeus may agree, but in any event not later than 8.00 a.m. on 31 August 2023), to use its reasonable endeavours, as agent for the Company, to procure subscribers for the New Shares at the Placing Price.

Under the Placing Agreement, the Company and the Directors have given Zeus certain customary representations, warranties and undertakings regarding, *inter alia*, the accuracy of the information contained in this Document and the Company's business and assets. The Placing Agreement also contains an indemnity from the Company in favour of Zeus. The Placing Agreement may be terminated prior to Admission by Zeus in certain limited circumstances, including breach of any of the representations, warranties and undertakings, or where a force majeure event or a material adverse change in the Company's business, financial condition or prospects has arisen.

Under the Placing Agreement and subject to it becoming unconditional, the Company has agreed to pay to Zeus:

- a) a corporate finance fee; and
- b) a placing commission on the total aggregate gross proceeds of the New Shares.

The Company will pay certain other costs and expenses (including all applicable VAT) of, or incidental to, the Placing of New Shares including all fees and expenses payable in connection with Admission, the expenses of the Registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

#### 16.1.3 ***Selling Shareholder Agreement***

Pursuant to an agreement entered into between Zeus, the Company and the Selling Shareholders on 11 August 2023 (the “**Selling Shareholder Agreement**”), Zeus has conditionally agreed, as agent of the Selling Shareholders, to use its reasonable endeavours to procure purchasers for Sale Shares at the Placing Price. The Selling Shareholders have given certain customary warranties and indemnities to Zeus, including warranties regarding their title to the Sale Shares and their capacity to sell them.

Zeus has the right to terminate the Selling Shareholder Agreement and not proceed with the Placing of the Sale Shares if, prior to Admission, certain events occur including the Company or any of the Selling Shareholders breaching any of their material obligations under the Selling Shareholder Agreement or the Placing Agreement being terminated in accordance with its terms. If such right is exercised by Zeus, the Placing (either as a whole or just as regards the Sale Shares) will lapse and any monies received in respect of the Placing Shares or the Sale Shares (as applicable) will be returned to investors without interest.

Under the Selling Shareholder Agreement and subject to it becoming unconditional in all respects, the Selling Shareholders have agreed to pay to Zeus a commission on the total aggregate gross proceeds of the Sale Shares sold at the Placing Price pursuant to the Placing.

#### 16.1.4 ***Nominated Adviser and Broker Agreement***

Under the nominated adviser and broker agreement dated 11 August 2023 and made between the Company and Zeus (the “**Nomad and Broker Agreement**”), the Company has, conditional on Admission, appointed Zeus to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies.

The Nomad and Broker Agreement contains certain indemnities and undertakings given by the Company.

The Nomad and Broker Agreement is for a fixed initial term of 12 months from the date of Admission and thereafter is terminable upon not less than 3 months’ prior written notice by either the Company or Zeus. The Nomad and Broker Agreement is governed by English law and any disputes or claims are to be settled in the English courts.

#### 16.1.5 ***Lock-in Agreement***

The Company and Zeus have entered into a lock-in agreement with each of the Locked-in Persons pursuant to which each of the Locked-in Persons has agreed not to dispose of their legal or beneficial ownership of, or any other interest in Ordinary Shares for a period of 12 months from the date of Admission. In addition, each of the Locked-in Persons have undertaken not to deal in their Ordinary Shares (including directly or indirectly mortgaging, pledging, charging, assigning, selling, transferring, subscribing or otherwise disposing of their Ordinary Shares) during the 12 month period from the first anniversary of Admission other than through Zeus, or such other person who may be appointed as the Company’s broker at the relevant time, in such manner as Zeus or any replacement broker may reasonably require with a view to maintaining an orderly market in the Ordinary Shares. The Lock-in Agreement contains customary exceptions to these restrictions and is governed by English law and any disputes or claims are to be settled in the English Courts.

#### 16.1.6 ***Registrar Agreement between the Company and Share Registrars Limited***

Pursuant to an agreement dated 5 July 2023, the Company has engaged Share Registrars Limited to provide share registrar services (including receiving agent services in connection with the Fundraising) to the Company from Admission for an initial period of twelve months

and thereafter the agreement is terminable upon not less than 6 months' prior written notice by either the Company or Share Registrars Limited.

## **17. RELATED PARTY TRANSACTIONS**

There have been no related party transactions of the kind set out in the standards adopted according to the UK version of Regulation (EC) No 1606/2002 as it forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018, that the Company has entered into since 31 December 2022 and up to the date of this Document.

## **18. LITIGATION**

The Company is not, nor has it been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this Document, a significant effect on the Company's financial position or profitability of the Company nor, so far as the Company is aware, are any such proceedings pending or threatened.

## **19. WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry and taking into account the net proceeds of the Placing attributable to the Company, that the Company will from the time of Admission have sufficient working capital for its present requirement, that is for at least 12 months from the date of Admission.

## **20. TAXATION**

### **20.1 *Taxation in the United Kingdom***

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

#### **20.1.1 *Tax treatment of UK investors***

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments (otherwise than under an individual savings account (ISA)) and not as securities to be realized in the course of a trade. It is based on the law and published practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- a) who are dealers in securities, collective investment schemes, insurance companies or persons acquiring their Ordinary Shares in connection with their employment; or
- b) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- c) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- d) who have special tax treatment such as pension funds or charities; or
- e) who are in any doubt as to their taxation position.

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

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be



liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

#### 20.1.2 *Dividends*

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

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

Dividend income received by UK tax resident individuals will have a £1,000 per annum dividend tax allowance (reducing to £500 per annum from 6 April 2024). Dividend receipts in excess of £2,000 per annum will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers and 39.35 per cent. for additional rate taxpayers.

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

#### 20.1.3 *Disposals of Ordinary Shares*

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

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. and for higher rate and additional rate taxpayers is 20 per cent.

Subject to certain exemptions, the corporation tax rate applicable to a Shareholder's corporate taxable profits is currently 19 per cent. In the Budget on 3 March 2021, it was announced that the rate would increase to 25 per cent. for profits over £250k from 1 April 2023. A small profits rate of 19 per cent. will apply to profits of not more than £50k with marginal relief available for profits up to £250k.

#### 20.1.4 *Further information for Shareholders subject to UK income tax and capital gains tax "Transactions in securities"*

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

#### 20.1.5 *Inheritance Tax*

Individual and trustee investors may be liable on occasions to inheritance tax ("**IHT**") on the value of any Ordinary Shares held by them. Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances. However, a relief from IHT known as business property relief ("**BPR**") may apply to Ordinary Shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.



#### 20.1.6 *Stamp Duty and Stamp Duty Reserve Tax*

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

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

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

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

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

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

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

#### 20.1.7 *Enterprise investment scheme (“EIS”)*

The following provides an outline of the EIS Relief available to individuals and trustee investors. Any potential investor should obtain independent advice from a professional adviser as a claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares through the relevant three year period. In addition, for EIS Relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to the Ordinary Shares.

In summary, EIS Relief may be available where a qualifying company issues new ordinary shares, the purpose of which is to raise money for a qualifying business activity. The relevant shares must be subscribed for in cash and be fully paid up at the date of issue and must be held, broadly, for three years after they were issued (or if later for three years after the company started trading).

EIS income tax relief is available to individuals only. The current relief is 30 per cent. of the amount subscribed for qualifying shares to be set against the individual's income tax liability for the tax year in which the investment is made or the previous tax year and is available up to a maximum of £1,000,000 in EIS subscriptions per tax year (on the basis that the Company is not a knowledge intensive company, as that term is defined in the EIS Legislation). This relief is restricted to an amount which reduces the individual's tax liability to nil and is only available to individuals who are not connected with the Company in the period of two years prior to and three years after the subscription of the relevant share issue.

Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the relevant shares in qualifying circumstances is generally free from capital gains tax. If the shares are disposed of at a loss, a capital loss will generally be available net of any EIS income tax relief previously given and not withdrawn. Alternatively, an election can be made to set that loss (less any income tax relief already given and not withdrawn) against income of that tax year or any income of the previous tax year.

Individuals and trustees who have realised gains on other assets within one year before or up to three years after the relevant shares are issued, are able to defer a capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the cost of the subscription for the relevant shares. Deferred gains will become chargeable on a disposal or a deemed disposal of the relevant shares. An investor can be connected with the Company and still obtain such capital gains tax deferral relief.

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

## **21. SIGNIFICANT CHANGE**

There has been no significant change in the financial position or financial performance of the Company since 31 December 2022 being the date at which the Historical Financial Information of the Company set out in Section B of Part IV of the Document has been prepared.

## **22. GENERAL**

- 22.1 The net proceeds of the Placing receivable by the Company are expected to be approximately £4.8 million (after deduction of those expenses of the Fundraising and Admission which are payable by the Company and which are estimated at approximately £1.2 million, excluding VAT).
- 22.2 Zeus is registered in England and Wales under number 04417845 and its registered office is at 82 King Street, Manchester, M2 4WQ. Zeus is authorised and regulated in the United Kingdom by the FCA. Zeus has given and not withdrawn its written consent to the issue of this Document with the inclusion of the references to its name in the form and context in which they are included.
- 22.3 Haysmacintyre LLP, a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales under number OC423459 and its registered office is at 10 Queen Street Place, London, United Kingdom, EC4R 1AG. Haysmacintyre LLP has given and not withdrawn its written consent to the inclusion in this Document of its reports set out in Section A of Part IV of this Document in the form and context in which they appear and has authorised the contents of its reports for the purpose of Schedule Two of the AIM Rules for Companies.
- 22.4 The auditors for the period covered by the Historical Financial Information in Part IV of this Document were Shorts Financial Services LLP (registered in England and Wales with company number OC307023, in respect of the historical information for the years ended 31 December 2020, 31 December 2021 and 31 December 2022. Shorts Financial Services LLP of 2 Ashgate Road, Chesterfield, Derbyshire, S40 4AA is also a member of the Institute of Chartered Accountants in England and Wales. Shorts Financial Services LLP resigned as auditors of the Company with effect from 6 June 2023 and Haysmacintyre LLP have been appointed as the Company's new auditors.
- 22.5 Pursuant to their appointment as the Company's new auditors, Haysmacintyre LLP will receive an annual fee of £10,000 or more after Admission in respect of auditors services to be provided to the Company after Admission.

- 22.6 Save as disclosed in this Document, including paragraph 22.5 above, no person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this Document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- 22.6.1 fees totalling £10,000 or more;
  - 22.6.2 securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - 22.6.3 any other benefit with a value of £10,000 or more at the date of Admission.
- 22.7 Information in this Document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 22.8 The Directors are not aware of any other information that they reasonably consider necessary for the investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses and prospects of the Company and the securities for which Admission is being sought, (ii) the rights attached to those securities and (iii) any other matter contained in this Document.
- 22.9 Save as disclosed in this Document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 22.10 Save as disclosed in this Document, the Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 22.11 Save as disclosed in this Document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 22.12 Save as disclosed in this Document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.
- 22.13 Save as disclosed in this Document, there are no patents or other IP rights, licences or contracts that are of fundamental importance to the Company's business.

## **23. AVAILABILITY OF THIS DOCUMENT**

Copies of this Document will be available on the Company's website <https://www.tandeltasystems.com/>.

Dated 11 August 2023

