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This Document comprises a prospectus relating to Path Investments plc prepared in accordance with the Prospectus Regulation Rules. This Document has been approved by the Financial Conduct Authority in accordance with Part VI of the Financial Services and Markets Act 2000 and has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. This Document has been approved by the FCA as competent authority under the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Document nor should such approval be considered as an endorsement of the quality of the securities that are the subject of this Document. Prospective investors should make their own assessment as to the suitability of investing in the securities.

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**THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS". YOU SHOULD NOT RELY SOLELY ON INFORMATION SUMMARISED IN THE SUMMARY.**

The Existing Directors and the Proposed Directors, whose names appear on pages 61 and 62, and the Company accept responsibility for the information contained in this Document. As at the date of this Document, to the best of the knowledge of the Existing Directors, the Proposed Directors and the Company the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.

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## **Path Investments plc**

*(Incorporated in England and Wales with registered No 04006413)*

### **Acquisition of DG Innovate Limited**

**Issue of 5,397,451,305 Initial Consideration Shares**

**Issue of 510,000,000 Subscription Shares at 0.5 pence per Subscription Share**

**Issue of 830,800,000 Warrant Shares following exercise of Warrants (0.25)**

**Issue of 670,400,000 Warrants (1p)**

**Admission of the Enlarged Share Capital to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities**

**Approval of waiver of Rule 9 obligation under The Takeover Code**

**Change of name to DG Innovate plc**

**New Articles of Association**

and

**Notice of General Meeting**

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The Acquisition (as defined herein) is classified as a reverse takeover under the Listing Rules and, in accordance with the Listing Rules, the FCA is expected to cancel the listing of the Existing Ordinary Shares at 8:00 a.m. on 8 April 2022. Applications will be made to the FCA for the Existing Ordinary Shares to be readmitted, and for the New Ordinary Shares to be admitted, to the Official List (by way of a Standard Listing) and to the London Stock Exchange, for such Existing Ordinary Shares to be readmitted and New Ordinary Shares to be admitted to trading, and for dealings to commence, on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective at 8:00 a.m. on 8 April 2022. When admitted to trading, the Existing Ordinary Shares and the New Ordinary Shares will have an ISIN of GB00BYQD5059.

Grant Thornton UK LLP is authorised and regulated in the UK by the FCA. Grant Thornton is acting exclusively for the Company as financial adviser (and not as sponsor) and for no other person in connection with Admission and will not regard any other person as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to Admission. Grant Thornton has not been engaged by the Company as sponsor in connection with Admission and will not be responsible to anyone (including the Company) for providing the protections afforded to its clients for providing advice as sponsor in relation to Admission or any other transaction or arrangement referred to in this Document.

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This Document is dated 14 March 2022.

## NOTICE TO INVESTORS

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

Application will be made for the New Ordinary Shares to be admitted to a listing on the Standard Listing segment of the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the FCA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules, nor to impose sanctions in respect of any failure by the Company to so comply.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada or Japan.

### **For the attention of European Economic Area investors:**

Following the conclusion of the Brexit transition period on 31 December 2020, it is no longer possible:

- (a) to request and obtain a certificate of approval from the FCA to enable an approved prospectus to be passported from the UK into an overseas EEA jurisdiction; and
- (b) for prospectuses approved by another EEA Member State to be passported into the UK.

For EEA Member States, an offer to the public in the relevant EEA Member State of any Ordinary Shares may only be made under the following exemptions prescribed by the Prospectus Regulation, if they have been implemented in that EEA Member State:

- (a) to any legal entity which is a Qualified Investor, within the meaning of Article 2(e) of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than Qualified Investors, within the meaning of Article 2(e) of the Prospectus Regulation) in such EEA Member State subject to obtaining prior consent of the Company for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed with the Company that it is a "Qualified Investor" within the meaning of Article 2(e) of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State, and the expression "Prospectus Regulation" includes any relevant implementing measure in each Relevant Member State. During the period up to but excluding the date on which the Prospectus Regulation is implemented in member states of the European Economic Area, this Document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the European Economic Area in which such offer or invitation would be unlawful. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions.

Subject to certain exceptions, the New Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer

to sell or a solicitation of an offer to purchase or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The New Ordinary Shares may not be taken up, offered sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption form, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under US Investment Company Act pursuant to the exemption provided by Section 3(c)(7) thereof, and investors will not be entitled to the benefits of that Act.

**For the attention of any US investors**

None of the New Ordinary Shares have been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the New Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

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## SUMMARY

This summary is made up of four sections and contains all the sections required to be included in a summary for this type of securities and issuer. Even though a sub-section may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the sub-section. In this case, a short description of the sub-section is included in the summary with the mention of "not applicable".

## INTRODUCTION AND WARNINGS

### Name and ISIN of the securities

The securities subject to Admission are ordinary shares of £0.001 each which are registered with ISIN number GB00BYQD5059 and SEDOL number B01HKP4.

### Identity and contact details of the issuer

The issuer is Path Investments plc. Subject to shareholder approval, the Company is to be re-named DG Innovate plc from Admission.

The contact details for the Company are as follows:

Registered Address:	15 Victoria Mews, Cottingley Business Park, Millfield Road, Bingley, BD16 1PY
Telephone:	020 3934 6632
Website:	www.pathinvestmentsplc.com
Website following Admission:	www.dgipc.com

The LEI number for the Company is 21380058VQBP76M7TN11.

### Identity and contact details of the issuer or of the person asking for admission to trading on a regulated market

The Company is the offeror and the person asking for admission to trading of the Enlarged Share Capital on the Main Market, which is a regulated market.

### Identity and contact details of the competent authority approving the prospectus

The competent authority approving the Prospectus is the FCA.

The FCA's registered address is at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number is +44 (0)20 7066 1000.

### Date of approval of the prospectus

The Prospectus was approved on 14 March 2022.

### Warnings

This summary must be read as an introduction to this Document.

Any decision to invest in Ordinary Shares should be based on consideration of this Document as a whole by the investor.

By deciding to invest in Ordinary Shares, an investor could lose all or part of their invested capital.

Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this Document or it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

## KEY INFORMATION ON THE ISSUER

### Who is the issuer of the securities?

#### Domicile and legal form

Path was incorporated in England and Wales on 2 June 2000 under the Companies Act 1985 as a public company limited by shares with the name Hallco 459 plc and with registered number 04006413. On 28 November 2000, the Company changed its name to The Niche Group Plc and on 20 February 2016, the Company changed its name to Path Investments plc.

It is domiciled and its principal place of business is in the United Kingdom and is subject to the Takeover Code.

#### Principal activities

The shares in Path were first admitted to trading on AIM in August 2004 as a company investing in pre-IPO opportunities. It subsequently made a series of convertible loans (in aggregate amounting to approximately £18.6 million) to Oman Resources Limited, an investment vehicle which invested the proceeds of those loans into certain Turkish assets. Oman Resources Limited failed to repay the loans after demands for repayment were made by the Company. The Company's admission to AIM was subsequently cancelled on 12 September 2012 as a result of its shares being suspended from AIM for six months pending a reverse takeover, which was not subsequently completed.

Since that time the Company has changed its management team and developed a new strategy and business plan seeking acquisition opportunities in revenue and near-revenue generating assets in the energy sector. In order to facilitate this strategy, the Company's shares were admitted to the Official List and trading on the Main Market of the London Stock Exchange on 30 March 2017, and it raised gross proceeds of £1.4 million via a placing at that time.

Since being admitted on to the Standard Listing in March 2017 the Company has reviewed a number of potential acquisition opportunities, as set out below, although none of these completed.

- In December 2017, the Company entered into a Conditional Farm-In Agreement with 5P Energy GmbH, under which Path would acquire a 50% Participating Interest in the Alfeld-Elze II License and field. In November 2018 the Company announced that it had decided to withdraw from the transaction.

- In January 2019 the Company announced the signing of a Heads of Agreement for the proposed acquisition of ARC Marlborough Pty. Limited, before withdrawing from negotiations the following March.
- In August 2019 the Company announced the signing of an SPA relating to the proposed acquisition of Fine Gems Extraction Corporation which indirectly owned a majority interest in the Jagoda License located in Central Zambia containing deposits of both Tourmaline and Manganese. However, the Directors of the Company concluded that, whilst the asset was attractive and offered clear potential, the transaction would not have been viable as originally conceived and accordingly, let the SPA expire without completion of the transaction in May 2020.
- In May 2020 the Company announced the conditional acquisition of a patented proprietary technology, DT Ultravert, for use initially within the oil and gas sector, from Zoetic International Plc. However, due to concerns raised during the transaction the Directors terminated the transaction in February 2021.

The Company is deemed to be a "shell company" under the Listing Rules as it only holds cash that remains from its £3.5 million equity fundraise which completed on 18 March 2021. It has a stated investment policy of seeking to acquire energy and natural resources assets.

Path has identified DG Innovate and entered into non-binding heads of terms on 20 April 2021 to acquire the entire issued share capital of DG Innovate. On 12 August 2021 a conditional SPA was signed by the Company and the DG Innovate Shareholders and the Company also entered into a secured £600,000 loan facility with DG Innovate which has now been fully drawn down. On 1 February 2022 the Company agreed to provide DG Innovate with a further secured loan facility of up to £450,000 of which £300,000 has been drawn down.

DG Innovate's principal activity has been to develop safer, sustainable and high energy storage systems, along with the design and development of high efficiency, high torque electric hub drives and power electronics for electric vehicles.

DG Innovate's near-term strategy is to monetise its technologies through proof of concept and commercial sales agreements with its existing customers and identify specific opportunities in the wider electric mobility and energy storage sectors. The Company believes that successful conversion of existing relationships into commercial sales will significantly de-risk and highlight the cost and performance benefits of its products to a wider audience, allowing for rapid scale-up of revenues, against the forecast backdrop of significant growth in its target markets.

Following completion of the Acquisition, the Subscription and Admission, the objective of the Company will be to operate the Enlarged Group and implement the operating strategy of DG Innovate for the development and commercialisation of its technologies with a view to generating value for Shareholders.

### Major shareholders

So far as the Company is aware, the following persons (excluding the Directors), directly or indirectly, had/will have an interest in the Company's capital or Voting Rights which is notifiable under the Disclosure Guidance and Transparency Rules:

Shareholder	Last Practicable Date		Admission		
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of Enlarged Share Capital	Number of Options and Warrants
John Story	200,000,000 <sup>(1)</sup>	9.9	485,000,000 <sup>(1)</sup>	5.5	180,000,000
Monecor (London) Limited	177,802,112	8.8	218,602,112	2.5	-
Spreadex Limited	121,086,246	6.0	165,436,246	1.9	44,350,000
Cantor Fitzgerald Europe	109,000,000	5.4	109,000,000	1.2	-
David Williams	110,000,000 <sup>(2)</sup>	5.4	594,280,093 <sup>(3)</sup>	6.7	48,000,000
Richard & Charlotte Edwards	100,016,875	4.9	100,016,875	1.1	-

(1) John Story's interest in these Ordinary Shares is held via a financial instrument issued by Argon Financial Limited.

(2) Of these Ordinary Shares, 96,000,000 are registered in the name of Wentworth Limited, a company which is beneficially owned by David Williams and of which he is a director.

(3) Of these Ordinary Shares, 192,000,000 will be registered in the name of Wentworth Limited, a company which is beneficially owned by David Williams and of which he is a director.

All of the Ordinary Shares rank pari passu in all aspects and accordingly there are no differences between the voting or other rights enjoyed by any holders of Ordinary Shares.

As at the Last Practicable Date and on Admission, following the issue of the New Ordinary Shares, the Directors and key management will be interested directly or indirectly in the Company's issued share capital of the Company, as follows:

Director / Manager	Last Practicable Date		Admission		
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of Enlarged Share Capital	Number of Options and Warrants
Brent Fitzpatrick	57,336,875	2.8	57,336,875	0.6	162,820,000
Christopher Theis	60,995,589	3.0	60,995,589	0.7	860,072,501 <sup>(2)</sup>
John (Jack) Allardyce	6,000,000	0.3	6,000,000	0.1	218,605,002 <sup>(2)</sup>
Nicholas Tulloch	-	-	-	-	-
Martin Boughtwood <sup>(1)</sup>	-	-	3,026,591,664	34.2	156,105,002 <sup>(2)</sup>
Trevor Gabriel <sup>(3)</sup>	-	-	555,561,720	6.3	-
Patrick (Pat) Symonds	-	-	-	-	-
Sir Stephen Dalton	-	-	-	-	-
Andrew Boughtwood	-	-	75,758,416	0.9	-
Xin (Lucy) Liu	-	-	15,151,683	0.2	44,173,696
Anthony Atwell	-	-	-	-	15,776,320
Romuuald Skoczylas	-	-	9,091,011	0.1	7,572,634
Peter Curran	-	-	9,091,011	0.1	7,572,634

(1) Martin Boughtwood's interest in Ordinary Shares includes 3,026,591,664 Ordinary Shares held by Deregallera Trust, a trust in which Denise Boughtwood (the spouse of Martin Boughtwood and a Connected Person) is the sole beneficiary. Martin Boughtwood's children Rebecca Louise Hainsworth and Lewis Raymond Boughtwood are the trustees of Deregallera Trust and are both Connected Persons.

(2) The vesting of the following LTIP Options is performance based and measured over a three-year period to be determined by the Board: Chris Theis (78,052,501), John Allardyce (156,105,002) and Martin Boughtwood (156,105,002).

- (3) Trevor Gabriel's interest in Ordinary Shares includes 555,561,720 Ordinary Shares held by Disruptech Ltd, a company in which Trevor Gabriel is the sole shareholder and a director.

On Admission, such Shareholders will not have special voting rights and the Ordinary Shares owned by them shall rank pari passu in all respects with other Ordinary Shares.

## Directors

The Existing Directors are as follows:

Name	Position	Date of Appointment
Brent Fitzpatrick <sup>(1)</sup>	Non-Executive Chairman	17 December 2015
Christopher Theis	Chief Executive Officer	13 December 2012
John (Jack) Allardyce	Finance Director	30 September 2020
Nicholas Tulloch <sup>(2)</sup>	Non-Executive Director	12 March 2021

(1) Brent Fitzpatrick will resign upon Admission.

(2) Nicholas Tulloch will serve as Non-Executive Chairman on Admission.

The Proposed Directors to be appointed on Admission are:

Name	Proposed Position
Martin Boughtwood	Chief Technical Officer
Patrick (Pat) Symonds	Independent Non-Executive Director
Sir Stephen Dalton	Independent Non-Executive Director
Andrew Boughtwood	Non-Executive Director
Trevor Gabriel	Non-Executive Director

## Statutory Auditors

PKF Littlejohn LLP are the Company's auditors and have been the Company's auditors since 20 May 2019 when they replaced H W Fisher & Company.

## What is the key financial information regarding the issuer?

### Selection of historical key financial information

Completion of the Acquisition is subject to Admission, following which the Company will acquire 100 per cent. of the issued share capital of DG Innovate. Accordingly, this Document contains historical financial information on the Company and the DG Innovate Group. Prospective investors should review the following selected historical financial information together with the whole of this document and should not rely on the selected information itself.

### The Company

The tables below set out summary financial information on the Company for the six month period ended 30 June 2021 and the years ended 31 December 2020, 2019 and 2018, reported upon by PKF Littlejohn LLP in accordance with IFRS.

	As at 30 June 2021 (£'000)	As at 31 December 2020 (£'000)	As at 31 December 2019 (£'000)	As at 31 December 2018 (£'000)
<b>Statement of Financial position of the Company</b>				
Total assets	2,398	-	10	3
Total equity	2,125	(2,145)	(1,905)	(1,587)
Total liabilities	272	2,145	1,915	1,590
Total equity and liabilities	2,398	-	10	3
	Six months ended 30 June 2021 (£'000)	Year ended 31 December 2020 (£'000)	Year ended 31 December 2019 (£'000)	Year ended 31 December 2018 (£'000)
<b>Statement of Comprehensive Income of the Company</b>				
Operating Loss	(736)	(267)	(613)	(1,238)
Other gains and losses	-	(110)	295	(93)
Loss before taxation	(736)	(377)	(318)	(1,331)
Income tax	-	-	-	-
Loss for the year/period	(736)	(377)	(318)	(1,331)
Total comprehensive income for the year attributable to the equity owners	(736)	(377)	(318)	(1,331)

Other than set out above, there have been no other significant changes in the financial condition or operating results of Path in each of the years ended 31 December 2020, 2019 and 2018 and in the six month period ended 30 June 2021, save for that following signing of the SPA, Path provided DGI with a secured loan of £600,000 at an annual interest rate of 6%, with two tranches of £300,000 received on 13 August 2021 and 22 September 2021, respectively. On 1 February 2022, Path agreed to provide DGI with a further secured loan facility of up to £450,000 at the same interest rate. This facility ranks above Path's existing loan and the £500,000 loan from DGI shareholders Trevor Gabriel and Michael Depper. DGI received a first £150,000 tranche on 2 February 2022 and a second £150,000 tranche on 4 March 2022.

### DG Innovate

The tables below set out summary financial information on the DG Innovate Group for the for the six month period ended 30 September 2021 and the years ended 31 March 2021, 2020 and 2019, reported upon by PKF Littlejohn LLP.

	Six months ended 30 September 2021 (£'000)	As at 31 March 2021 (£'000)	As at 31 March 2020 (£'000)	As at 31 March 2019 (£'000)
<b>Statement of Financial Position of the DG Innovate Group</b>				
Total assets	4,622	4,814	4,803	5,191
Total equity	2,597	3,451	3,854	4,176
Total liabilities	2,025	1,363	949	1,015

Statement of Financial Position of the DG Innovate Group	Six months ended 30 September 2021 (£'000)	As at 31 March 2021 (£'000)	As at 31 March 2020 (£'000)	As at 31 March 2019 (£'000)
Total equity and liabilities	4,622	4,814	4,803	5,191

Statement of Comprehensive Income of the DG Innovate Group	Six months ended 30 September 2021 (£'000)	Year ended 31 March 2021 (£'000)	Year ended 31 March 2020 (£'000)	Year ended 31 March 2019 (£'000)
Total revenue	-	285	192	397
<b>Operating Loss</b>	<b>(803)</b>	<b>(337)</b>	<b>(1,016)</b>	<b>(720)</b>
Other gains and losses	(51)	(118)	(52)	(17)
<b>Loss before taxation</b>	<b>(854)</b>	<b>(455)</b>	<b>(1,068)</b>	<b>(737)</b>
Income tax	-	52	145	313
<b>Loss for the year/period</b>	<b>(854)</b>	<b>(403)</b>	<b>(923)</b>	<b>(424)</b>
<b>Total comprehensive income for the year attributable to the equity owners</b>	<b>(854)</b>	<b>(403)</b>	<b>(923)</b>	<b>(424)</b>

Other than set out above, there have been no other significant changes in the financial condition or operating results of the DG Innovate Group in each of the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and during the six months ended 30 September 2021.

### Pro forma financial information

The unaudited Pro Forma Financial Information for the Enlarged Group has been prepared to illustrate the effects of: (i) the Acquisition, (ii) the issue of the Initial Consideration Shares, (iii) the issue of the Subscription Shares and Warrant Shares, (iv) the settlement of the Transaction Costs, on the assets, liabilities and equity of the Company had the Acquisition, Subscription and Admission occurred on 30 June 2021. The pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position.

Unaudited pro forma statement of net assets at 30 June 2021	The Company Net assets as at 30 June 2021 £'000	DG Innovate Ltd Net assets as at 30 September 2021 £'000	Issue of Subscription Shares and Warrant Shares net of costs (Note 1) £'000	Unaudited pro forma adjusted net assets of the Enlarged Group on admission £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	-	3,563	-	3,563
Property, plant and equipment	86	516	-	602
	<b>86</b>	<b>4,079</b>	<b>-</b>	<b>4,165</b>
<b>Current assets</b>				
Trade and other receivables	45	179	-	224
Current tax recoverable	-	53	-	53
Cash and cash equivalents	2,267	311	3,527	6,105
	<b>2,312</b>	<b>543</b>	<b>3,527</b>	<b>6,382</b>
<b>Total assets</b>	<b>2,398</b>	<b>4,622</b>	<b>3,527</b>	<b>10,547</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	-	891	-	891
Deferred tax liabilities	-	6	-	6
Long term provision	-	50	-	50
Deferred revenue	-	11	-	11
	<b>-</b>	<b>958</b>	<b>-</b>	<b>958</b>
<b>Current liabilities</b>				
Trade and other payables	272	378	-	650
Borrowings	-	686	-	686
Deferred Revenue	-	3	-	3
	<b>272</b>	<b>1,067</b>	<b>-</b>	<b>1,339</b>
<b>Total liabilities</b>	<b>272</b>	<b>2,025</b>	<b>-</b>	<b>2,297</b>
<b>Total assets less total liabilities</b>	<b>2,126</b>	<b>2,597</b>	<b>3,527</b>	<b>8,250</b>

### Notes

The pro forma statement of net assets has been prepared on the following basis:

- (1) An adjustment has been made to reflect the proceeds of the Subscription Shares and Warrants (0.25). The Subscription Shares consist of 510,000,000 Ordinary Shares of the Company at an issue price of 0.5 pence per Ordinary Share. The Warrant Shares exercised consist of 830,800,000 Ordinary Shares of the Company at an issue price of 0.25 pence per Ordinary Share. The adjustment is net of an adjustment to reflect the payment in cash of admission costs estimated at approximately £1.1 million inclusive of any non-recoverable sales taxes.
- (2) No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - (i) the Company since 30 June 2021;
  - (ii) DG Innovate Ltd since 30 September 2021;
  - (iii) The acquisition accounting for the purchase of DG Innovate Ltd. The acquisition consideration is in shares of the Company and is anticipated to be a reverse takeover. As a result, the acquisition accounting falls outside the scope of IFRS 3 and is unlikely to have an impact on the net assets of the Enlarged Group.
- (3) The pro forma statement of net assets does not constitute financial statements.



Unaudited pro forma income statement for the unaudited period ended 30 June 2021	The Company Income statement for six months to 30 June 2021 (Note 1)	DG Innovate Ltd Income statement for the six months to 30 September 2021 (Note 2)	Unaudited pro forma adjusted income statement of the Enlarged Group on Admission
	£'000	£'000	£'000
Revenue	-	-	-
Cost of sales	-	-	-
<b>Gross profit/(loss)</b>	-	-	-
Administration expenses	(736)	(1,139)	(1,875)
Other operating income	-	337	337
Other gains and losses	-	(51)	(51)
<b>Loss before tax</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>
Tax	-	-	-
<b>Loss from continuing operations</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>
<b>Other comprehensive income</b>			
Translations of foreign operations	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>

#### Notes

The pro forma statement of net assets has been prepared on the following basis:

- (1) The unaudited income statement of the Company as at 30 June 2021 have been extracted without adjustment from the Historic Financial Information to which is incorporated by reference in Part XV of this document.
- (2) The unaudited income statement of DG Innovate Ltd as at 30 September 2021 have been extracted without adjustment from the Historic Financial Information which is set out in Part X Section B of this document.
- (3) No adjustments have been made to reflect the trading or other transactions of the enlarged group since 30 June 2021.

#### Brief description of any qualifications in the audit report

There are no qualifications in the audit reports relating to the historical financial information of the Company for the three years ended 31 December 2020.

There are no qualifications in the audit reports relating to the historical financial information of DG Innovate Group for the three years ended 31 March 2021.

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

1. DG Innovate does not have an established track record or knowledge base of how its Enhanced Drive Technology and Enhanced Battery Technology will perform in real world environments. There is no certainty that the technology will perform at the same performance levels once in mass production, or that the Enlarged Group's technologies will not be rendered obsolete before they gain market traction in their target markets.
2. It is possible that the Company will need to raise extra capital in the longer term. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or to the Shareholders. DG Innovate has historically relied on grants and research funding from the UK Government, which may not be readily available following Completion.
3. The success of the Company will be dependent on the services of key management and operating personnel. The Company will face competition from more established companies in the search for talent and may not be able to secure the services of its preferred candidates. Furthermore, any delays in the recruitment of suitable employees with the requisite skills and experience may ultimately delay the achievement of the Company's commercial objectives.
4. Expansion of the business of the Company over the longer term may place additional demands on the Company's resources and capabilities and may require additional capital expenditures. The future growth and prospects for the Company will depend on its management's ability to manage the business of the Company and improve operational, financial and management information and quality control systems and maintain effective cost controls.
5. The Enlarged Group may not be able to successfully transition from a research and development business, to a supplier to Tier 1 manufacturers and a licensor of its technology, products and intellectual property with relevant potential OEM partners. There can also be no guarantee that the Company's pipeline of customer opportunities will materialise as expected and the income from potential OEM partners may not materialise as expected.
6. The continued research and development of additional products will be required and the majority of the Company's cash is expected to be used to fund such research and development projects following Admission. There is no guarantee however that the Enlarged Group will be able to generate valuable intellectual property, or successfully commercialise the research and development projects that are undertaken.
7. Protecting and enforcing the Enlarged Group's intellectual property rights is essential for the Company's commercial success. The Company may however become involved in disputes with other parties who may have developed similar technologies which are protected by patents or patent applications. Furthermore, there is no certainty that the Enlarged Group's outstanding patent applications will result in granted patents.
8. The bargaining power of the DG Innovate's customer base in the market is growing with the presence of multiple electric powertrain suppliers to choose from. Competitive rivalry is high in the market, owing to its relatively new nature. As the market is technologically driven, competition is expected to intensify in the future, with more and more players developing novel technologies.
9. DG Innovate typically relies on academic institutions or commercial partners when it carries out research projects. Accordingly, the Enlarged Group will not have full control of such projects and will be reliant on such partners performing their obligations as expected and protecting the confidential information and intellectual property generated by the projects.

#### KEY INFORMATION ON THE SECURITIES

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

##### Type, class and ISIN

The securities to be admitted are Ordinary Shares of £0.001 each. The Ordinary Shares have been created under the Companies Act 2006.

The ISIN of the Ordinary Shares is GB00BYQD5059.

**Currency, denomination, par value, number of securities issued and the term of the securities**

The Ordinary Shares are denominated in UK Sterling and the Subscription Price is paid in UK Sterling.

The issued share capital of the Company on Readmission will consist of 8,842,715,107 Ordinary Shares (comprising the Existing Ordinary Shares and the New Ordinary Shares).

**Rights attached to the securities**

Each Ordinary Share ranks pari passu for voting rights, dividends and return of capital on winding up.

Each Ordinary Share confers the right to receive notice of and attend all meetings of Shareholders. Subject to the Act and Articles of Association, each holder of Ordinary Shares present at a general meeting in person, by proxy or by its authorised corporate representative has one vote, and, on a poll, one vote for every Ordinary Share of which he is a holder. All members who are entitled to receive notice under the Articles must be given notice of each general meeting.

The Ordinary Shares are eligible for dividends, if recommended by the Board.

**Relative seniority of the securities in the issuer's capital structure in the event of insolvency**

The Ordinary Shares rank pari passu with each other.

The Ordinary Shares rank equally in the right to receive a relative proportion of the Company's assets upon dissolution.

**Restrictions on the free transferability of the securities**

The Ordinary Shares are freely transferable and there are no restrictions on transfer.

On Admission, holders of Ordinary Shares will be able to hold and transfer interests in the Ordinary Shares within CREST.

**Dividend or pay-out policy**

Dividends will be paid at such times (if any) and in such amounts (if any) as the Board may determine. The Company will consider future payments of dividends, subject to sufficient distributable profits being available.

**Where will the securities be traded?****Application for admission to trading**

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the Standard Listing segment of the Official List by 8:00 am on 8 April 2022.

An application will be made for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to a Standard Listing on the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8:00 am on 8 April 2022.

**Identity of other markets where the securities are or are to be traded**

The Ordinary Shares will not be listed on any other stock exchange.

**What are the key risks specific to the securities?****Brief description of the most material risk factors specific to the securities contained in the prospectus**

- The market price of the Ordinary Shares could be negatively affected by substantial future sales of Ordinary Shares or an additional offering of substantial numbers of Ordinary Shares in the public market, or the perception that such sales or an additional offering could occur.
- There may be limited trading in the Ordinary Shares which could adversely affect the liquidity and price of the Ordinary Shares.
- The Company may not pay dividends.
- A Standard Listing affords Shareholders a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the Premium Segment of the Official List.

**KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON THE LONDON STOCK EXCHANGE****Under which conditions and timetable can I invest in this security?****General terms and conditions**

The Subscription is conditional on Admission occurring and becoming effective by 8:00 a.m. London time on, or prior to, 8 April 2022.

The rights attaching to the Ordinary Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes.

**Expected timetable of the offer**

Publication of this Document	14 March 2022
General Meeting of the Company	2:00 p.m. on 1 April 2022
Readmission and commencement of dealings in Ordinary Shares	8:00 a.m. on 8 April 2022
CREST members' accounts credited in respect of New Ordinary Shares	8 April 2022
Share certificates dispatched in respect of New Ordinary Shares where applicable	15 April 2022

#### Details of admission to trading on a regulated market

An application will be made for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to a Standard Listing on the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8:00 am on 8 April 2022.

#### Plan for distribution

The Subscription Shares will be offered by the Company. Only qualified investors who are also investment professionals and high net worth companies can subscribe for the Subscription Shares that will be made available by the Company.

#### Amount and percentage of immediate dilution resulting from the offer

Upon Admission, the Enlarged Share Capital is expected to be 8,842,715,107 following the issue of 6,813,251,305 New Ordinary Shares. As a result, the Existing Shareholders' shareholding of 2,029,463,802 Existing Ordinary Shares will be diluted so as to constitute 23.0 per cent. of the Enlarged Share Capital.

#### Estimate of total expenses of the issue and/or offer

The Transaction Costs will be borne by the Company and DG Innovate and no expenses will be charged to the investor(s) for participation in the Subscription.

The total expenses of the Acquisition and Admission are £1,081,319, comprising legal and financial due diligence costs and general transaction advice. These expenses will be paid from the Net Subscription Proceeds and the Warrant Exercise Proceeds received by the Company.

The expenses relating to the Subscription are £153,000. As a result, the Net Subscription Proceeds from the issue of the Subscription Shares will be £2,397,000, being the Gross Subscription Proceeds of £2,550,000 less the £153,000.

#### Why is this prospectus being produced?

##### Reasons for the offer or for the admission to trading on a regulated market

The Acquisition is classified as a Reverse Takeover under the Listing Rules and, in accordance with the Listing Rules, the Existing Ordinary Shares are to be readmitted and the New Ordinary Shares are to be admitted to a Standard Listing on the Official List of the FCA.

The Company is conducting the Subscription in order to support the growth of the Enlarged Group and to provide further working capital following the Acquisition.

The holders of the Warrants (0.25) are exercising their Warrants (0.25) resulting in the issue of 830,800,000 Warrant Shares.

##### Use and estimated net amount of the proceeds

Under the Subscription, 510,000,000 Subscription Shares will be subscribed for, and will, conditional on Admission, be issued to, investors at the Subscription Price of 0.5 pence per Subscription Share, raising Gross Subscription Proceeds of £2,550,000.

The Net Subscription Proceeds will be £2,397,000, being the Gross Subscription Proceeds less expenses £153,000.

In addition, the Company has received irrevocable exercise notices, conditional on Admission, in respect of 830,800,000 Warrants (0.25) raising an additional £2,077,000.

It is anticipated by the Directors that the Net Subscription Proceeds and the Warrant Exercise Proceeds will be used by the Enlarged Group as follows:

	£m
Transaction Costs	1.1
G&A and overheads	1.4
R&D staff costs	1.0
Development costs	0.3
Repayment of loans and interest	0.7
Capital expenditure	0.1
<b>Total</b>	<b>4.6</b>

##### Indication of whether the offer is subject to an underwriting agreement

The Subscription is subject to an underwriting agreement with John Story. The Company has procured irrevocable conditional agreements from the Subscribers to subscribe for the Subscription Shares.

##### Indication of the most material conflicts of interests pertaining to the offer or admission to trading

Not applicable.

## **RISK FACTORS**

**The Company's business, financial condition or results of operations could be materially and adversely affected by the risks described below. In such cases, the market price of the Ordinary Shares may decline due to any of these risks and investors may lose all or part of their investment. The Company considers the following risks to be the material risks for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company.**

Any investment in the Ordinary Shares may not be suitable for all recipients of this Document and is subject to a high degree of risk. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risks and uncertainties associated with any investment in the Ordinary Shares, the Company's business and the industry in which it operates, together with all other information contained in this Document, including, in particular, the risk factors described below. Any of the risks described below, as well as other risks and uncertainties discussed in this Document, could have a material adverse effect on the Company's business and could therefore have a negative effect on the trading price of the Ordinary Shares.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares highlighted in the Summary of this Document, are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks highlighted in the Summary of this Document, but also, among other things, the risks and uncertainties described below.

The following factors are not exhaustive, or an explanation of all of the risk factors involved in investing in the Ordinary Shares. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties that are not currently known to the Company or that the Company currently deems immaterial may individually or cumulatively also have an adverse effect on the Company's business, results of operations, financial condition and prospects. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. If such changes were to occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should also consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Document and their personal circumstances.

The information contained in this Document is based upon current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Ordinary Shares.

Prospective investors should be aware that the Company has sought a private independent valuation of DG Innovate's business which was taken into account when calculating the proposed consideration for the Acquisition.

### **RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND STRATEGY**

#### **Risks relating to the application of the Enlarged Group's technology and product development**

In common with all new technologies, applications and products, DG Innovate does not have an established track record or knowledge base of how its Enhanced Drive Technology and Enhanced Battery Technology will perform in real world environments over the medium and longer term. DG Innovate has undertaken detailed internal and external testing of its technologies, including its electric C3 hub motor and inverter, with performance expectations substantiated through testing. The products are nearing field trials and commercial deployment, including with the UK Government for some of its fleet of all-wheel drives vehicles.

Nevertheless, there is no guarantee that the Enlarged Group's products across the electric motor and energy storage sectors (such as its C3 electric hub motor) will perform as expected and performance could be impacted by a wide variety of factors, including but not limited to, real world use, damage, environmental factors or poor maintenance which may undermine customer confidence in the technology and ultimately limit sales. Accordingly market penetration may never be achieved.

Given the limited track record of commercialising the technology, there is no certainty that the technology will perform at the same performance levels once in mass production. Furthermore, in a sector where

new technologies are being rapidly developed on a global scale, the Enlarged Group's prospects could be adversely impacted by the development of alternative electric motor technologies as a core attribute of next generation vehicles, as well as alternative battery technologies. There can be no assurance that the Enlarged Group's technologies will not be rendered obsolete before they gain market traction in their target markets. In addition, there is no guarantee that the Enlarged Group will be able to adapt its existing technology for future use cases.

**The Company may in the longer term be unable to raise additional capital to fund its business on commercially acceptable terms to realise the Company's strategy**

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are of the opinion that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is the period of twelve months from the date of this Document, it is possible that in the longer term (i.e. beyond the twelve month period considered in the working capital statement in this Document) the Company will need to raise extra capital in the future to develop fully the Company's long term strategy. No assurance can be given that any such additional financing will in the longer term be available or that, if available, it will be available on terms favourable to the Company or to the Shareholders. If additional funds are raised through the issuance of new equity other than on a pro rata basis to Shareholders, their holdings of Ordinary Shares may be diluted. Furthermore, the new securities may carry rights, privileges and preferences superior to the Ordinary Shares.

DG Innovate has historically relied on grants and research funding from the UK Government. There is no certainty that such funding will continue to be readily available following Completion, when DG Innovate will form part of a listed Group and will have access to other sources of capital. There is no certainty therefore that funding will be available in the future on terms as favourable as DG Innovate has historically been able to access and DG Innovate's cost of capital may therefore increase in the future.

The Directors may seek in the longer term debt finance to fund all or part of any future capital investment. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise further finance in the longer term and its ability to operate its business may be subject to restrictions. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all in the longer term. If the Company's borrowings become more expensive, then the Company's profits will be adversely affected.

If the Company is not able to obtain additional capital on acceptable terms, or at all, in the longer term, it may be forced to curtail or abandon planned investment opportunities, expansion, activity and/or business development and any of the above could have a material adverse effect on the Company.

**The Company will be dependent on the efforts and expertise of the Directors, together with the performance, retention and recruitment of key personnel and management**

The success of the Company will be dependent on the services of key management and operating personnel. The Directors believe that the Company's future success and performance will depend largely on its ability to retain the services of the Directors and other senior management and to expand, train and manage its employee base. There can be no guarantee that the Directors, senior management or other suitably skilled and qualified individuals will be retained if competition for such employees increases in the market. If the Company fails to retain or replace such personnel, or if the Company loses the services of any of the Directors and other senior management, its business and performance could be materially adversely affected.

The success of the Company will also be dependent on the successful recruitment of executives, senior management and research and development staff with the requisite industry and commercial experience. The Company will face competition from more established companies in the search for talent and may not be able to secure the services of its preferred candidates. Furthermore any delays in the recruitment of suitable employees with the requisite skills and experience may ultimately delay the achievement of the Company's commercial objectives.

**The future growth of the Enlarged Group will need to be managed carefully**

Expansion of the business of the Company over the longer term may place additional demands on the Company's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditures. If the Company is unable to manage any such expansion

effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Company.

The future growth and prospects for the Company will depend on its management's ability to manage the business of the Company and to continue to expand and improve operational, financial and management information and quality control systems in relation to its investments on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's increasing asset portfolio could have a material adverse effect on the Company's business, financial condition and results of operations.

The growth of the Enlarged Group following the completion of the Acquisition will be dependent on its management team successfully working together. The Board will be a combination of executives from both the Company and DG Innovate and they will be working together for the first time following Admission. There is no certainty therefore that they will be able to successfully work together as a combined senior management team.

### **DG Innovate has to date generated limited revenue and minimal profits**

DG Innovate has generated limited revenue from sales of its Enhanced Drive Technology and Enhanced Battery Technology, and while the business has positive retained earnings at Group level, this is due to historical funding and is not representative of current or recent trading, with the primary focus being on researching and developing the technology. DG Innovate's research and development programme and growth plans in relation to its commercial activities, including the proposed expansion of staffing levels, together with anticipated general administrative expenses, could result in the Enlarged Group sustaining significant losses for the foreseeable future.

In addition, there are risks associated with such expansion, not least because of the need to control the operating expenses in the period when significant income is starting to be generated. DG Innovate's most recent revenue streams have been predominantly from the UK Government. The Company anticipates that this relationship will continue to be the main source of revenue in the near term before it commercialises the Enhanced Drive Technology and Enhanced Battery Technology and licensing and royalty deals are secured.

### **The Enlarged Group's future expansion and route to product commercialisation are dependent on a variety of external factors**

The Enlarged Group may not be able to successfully transition from a research and development business to a supplier to Tier 1 manufacturers and a licensor of its technology, products and intellectual property with relevant potential OEM partners. Furthermore, the Enlarged Group will not have the capacity to manufacture products at scale and will therefore be reliant on entering into such licencing and royalty arrangements with third parties to generate profits. If the Enlarged Group cannot execute its expansion strategy it will have limited sources of revenue to sustain the business in the future.

The ability for the Company to generate product sales will depend upon many factors, some of which are beyond the control of the Company, including market acceptance of its technology and products, the ability to manufacture and price products at levels competitive with alternative products, the availability and suitability of OEM partners for licensing arrangements, downturns affecting industries into which the products are sold and the availability and price of raw materials.

Furthermore, a material proportion of future potential revenues and profits is expected to arise from income streams not currently or fully established. As a result, selecting the right OEM partner or partners will be critically important to the future success of the Company, in particular given the medium to long term nature of any licensing agreements the Company will seek to sign.

There can also be no guarantee that the Company's pipeline of customer opportunities will materialise as expected and the income from potential OEM partners may not materialise as expected. In addition, the Company will be heavily reliant on selecting the right distribution, OEM and other operating or joint venture partners in order to increase sales and profitability through both licencing and joint venture arrangements. There can also be no guarantee that the Company's distribution, OEM and other operating or joint venture partners will generate or contribute to the expected sales or profits to the Company.

### **Reliance on partners for research and development**

DG Innovate often carries out research projects in partnership with academic institutions, as well as

governmental organisations and Tier 1 suppliers. The Enlarged Group will not therefore have full control of such projects and the success of such projects will be determined largely by the respective contributions of all partners.

There is a risk that such partners may not contribute to such projects as hoped, or may breach the terms of such research collaboration agreements entered into. Such parties will have joint access to confidential information and newly developed intellectual property which is likely to be valuable to the Enlarged Group. There is a risk therefore that such parties may exploit the results of the projects including confidential information and intellectual property generated by the projects for purposes that were not agreed or originally intended by the Enlarged Group.

### **Research and development costs may impact profitability**

Approximately £1,300,000 of the Company's cash reserves, Net Subscription Proceeds and Warrant Exercise Proceeds, are expected to be used to fund research and development projects following Admission. There is no guarantee that the Enlarged Group will continue to be able to generate valuable intellectual property, or successfully commercialise the research and development projects that are undertaken. Such projects may not ultimately generate any return on equity invested into such projects for Shareholders and may result in less cash being available for other parts of the business.

The results of such research and development projects may not be known for years and any resulting technologies, even if initially commercially viable, could be superseded by alternative technologies in the meantime.

In order to remain competitive, the Enlarged Group will need to update and develop its technology and its applications and apply patent protection whenever necessary. The process of updating its technology could result in increased costs and the level of the Company's investment may therefore affect the Company's profitability. Whilst the Company has taken steps to ensure that appropriate tax credits are received to offset the costs of research and development, increases could materially and adversely affect the Company's operational results and financial condition.

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

### **Any failure or inability to protect patents or other intellectual property could adversely affect the Enlarged Group's ability to manufacture and sell its products, to market its products and to compete effectively**

The Enlarged Group's commercial success will depend, to a certain extent, on its ability to operate without infringing patents and other intellectual property rights of third parties. A number of companies may have filed patent applications or may have been granted patents or may have other intellectual property that cover technologies that purport to be similar to the technologies owned or used by the Enlarged Group. In addition, other parties may duplicate, design around or independently develop similar or alternative technologies which legitimately compete without infringing the intellectual property rights of the Enlarged Group. If another party controls patents or patent applications or other intellectual property which conflicts with the Enlarged Group's own technology, processes or products, the Enlarged Group may be prevented from pursuing research, development or commercialisation of certain technology, processes or products.

The Enlarged Group has sought to register intellectual property rights in a number of jurisdictions. The Enlarged Group however may not be able to successfully protect or enforce its intellectual property rights in all such jurisdictions and third parties may be able to challenge the validity of the intellectual property rights in those jurisdictions. Third parties may also claim that the Enlarged Group is infringing their own intellectual property rights, preventing the Enlarged Group from exploiting conflicting technology and to financial claims against the Enlarged Group. The measures put in place by the Enlarged Group may therefore in practice provide only limited protection and the Enlarged Group may not be able to detect unauthorised use or take appropriate steps to enforce its intellectual property rights.

DG Innovate has a number of outstanding patent applications. While the Directors are confident that these

applications will lead to granted patents, there can be no guarantee that this will be the case. The relevant patent offices may object to the grant of such patent applications and other parties may challenge the applications resulting in additional cost and delays for the Enlarged Group.

### **Government regulation**

The success of the Enlarged Group is likely to be determined in part by Governmental regulation around the world supporting the development of electric vehicles, including the roll out of charging infrastructure and discouraging reliance on internal combustion engines through increased taxation, or restricting access to inner cities or roads. Although a number of countries have adopted net-zero emissions pledges and have set emissions regulations for cars and vans, including future bans on the sales of conventional cars, any reversal of such policies, or delays in implementing such policies, could as a consequence delay the take up of electric vehicles leading to the failure of the Enlarged Group to achieve its commercial and strategic goals in the timeframes anticipated or required.

### **Risk of interruption of future operations because of public health emergencies**

The activities of the Company during the period following the outbreak of COVID-19 have been affected as a result of the lock downs and travel restrictions mandated by the Government. The Company's ability to progress the Acquisition has been slowed as a result and inevitably additional costs and expenses have been incurred. Progress on the proposed Acquisition however has been facilitated by technology platforms, such as teams and zoom for video calls, which have allowed face to face discussions and negotiations between the respective parties to continue, albeit remotely.

Some of the DG Innovate employees presented with symptoms of COVID-19 in March 2020, which impacted the delivery of services. However, services have now returned to normal with adequate measures in place allowing DG Innovate to carry out its business activities during the pandemic and beyond, including regular monitoring, workplace risk assessments, the provision of personal protective equipment and agile working.

The boards of DG Innovate and subsidiary companies also took steps to reduce costs (predominantly staff costs), which included utilising the Government's Job Retention Scheme to help facilitate staff salary payments and the Coronavirus Business Interruption Loan Scheme loan ("CBILS loans"). DG Innovate employees have now returned to work and the CBILS loans are being repaid.

The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics, and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Company will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics, but may also result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite the period of lock down. As such, costs could escalate from the level originally anticipated.

There exists a risk that the significant outbreak of Coronavirus and mutations of the virus across the world may detrimentally impact the Enlarged Group's operations, which are largely laboratory based in Caerphilly Wales and so cannot be easily carried out by DG Innovate's staff remotely if a further lock down is imposed. There are risks and uncertainties that may cause the Company to suffer loss including, but not limited to, delayed customer projects with the UK Government, loss of personnel due to illness or mandatory isolation periods, loss of access to DG Innovate's premises in Caerphilly Wales, especially if the movement of people is restricted across boroughs to contain the spread of the virus or a national lock down is imposed by law, loss of research and development partners who may be unable to continue their research projects, as well as delays or increased costs in developing products due to global supply constraints exacerbated by the virus and travel restrictions.

While the Company will seek to manage the effect of Coronavirus on its personnel and operations if and when necessary, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Company's projects or an investment in the Company.

### **National Security and Investment Act 2021**

The National Security and Investment Act 2021 ("NSIA 2021") came into force on 4 January 2022 and establishes a statutory regime for Government scrutiny of and intervention in investments and acquisitions for the purposes of protecting national security. The NSIA 2021 creates a mandatory notification system for transactions involving the acquisition of a right or interest in a company operating in any one of a number



of key sectors of the UK economy including transport, energy, critical suppliers to government, military or dual use technologies amongst others. Under the NSIA 2021 the Secretary of State has the power to call in for review any qualifying transaction, where there is a perceived risk to national security, for up to 5 years after its conclusion. This period can be shortened by making the Secretary of State/BEIS aware of the transaction. The Company will voluntarily notify BEIS of the transaction shortly after Completion so that it can benefit from the shorter call in period of six months.

### **Bargaining power of buyers**

Whilst the Directors believe that both the DGI EDT and EBT technologies are in advance of other electric powertrain components in the marketplace, the purchasing power of DG Innovate's target customer base is growing, with the market presence of a number of suppliers to choose from. Whilst sales of new ICE engines remain legally permissible, EDT and EBT adoption times may be price-constrained, particularly for those new customers that are price sensitive. Should cost-effective electric powertrains prevail in the market in the future, customer bargaining power may be expected to remain high and exert downward pressure on profit margins. With the advent of more and more players providing electric powertrain components, OEMs have ample options to choose from and are not dependent on specific suppliers.

### **Competitive rivalry**

Because of the relative novelty of the electric powertrain market there is a degree of competitive rivalry in both the drive and battery technology markets. Whilst the Directors believe that the DGI technologies are in advance of potential competitor products available today, competitor companies, as well as DGI, are investing heavily in research and development to introduce novel technologies to remain competitive. In addition major powertrain suppliers may become reliant on partnerships developed with emerging companies that are developing technologically advanced powertrain components rather than develop them in-house. As the market is technologically driven, competition may be expected to intensify in the future with more and more market participants developing novel technologies which may be in advance of the DGI product offering.

### **Independent Valuation**

The Company has commissioned an independent valuation of DG Innovate to support the Board's recommendation to the Existing Shareholders that the terms of the Acquisition are fair and reasonable and that the Acquisition is in their best interests. Any valuation of a business however is not an exact science and is in part a subjective exercise which is dependent on the exercise of individual judgment. In particular as DG Innovate is a growth company, the value of which is greatly reliant on the future economic benefits that may be derived from its proprietary intellectual property assets, the valuation cannot be measured today with a high degree of certainty. Furthermore, the valuation was not underpinned by an audit and the information provided was not independently verified. To the extent that the information was inaccurate in any way or misleading, then the valuation arrived at is likely to be unreliable either in whole or in part.

## **FINANCIAL RISKS**

### **Estimates in financial statements are based on assumptions which may prove to be inaccurate**

Preparation of consolidated financial statements requires the Company to use estimates and assumptions. Accounting for estimates requires the Company to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. The Company's accounting policies require management to make certain estimates and assumptions as to future events and circumstances. However, the actual amounts could differ from those based on estimates and assumptions. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If any of these estimates and assumptions is inaccurate, the Company could be required to write down the value of certain assets.

### **The Company cannot guarantee that it will achieve revenue growth and profitability in the longer term**

The Company cannot guarantee that in the longer term it will be able to achieve or sustain revenue growth and achieve or sustain profitability in the future. If the Company is unable in the longer term to achieve or sustain profitability, the business could be severely harmed. The Company's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others, the growth rate of markets into which the products deriving from research and development in which the Company has invested can be sold, market acceptance of and demand for

EV products and those of its customers, unanticipated delays and problems in the introduction of its services or products. If the Company does not in the longer term realise sufficient revenue levels to sustain profitability, it may require additional working capital in the longer term beyond the 12-18 month period considered by the working capital statement in this Document, which may not at such time be available on attractive terms, or at all.

#### **The Company may be exposed to the credit risk of third parties such as joint venture partners**

In the normal course of its business, the Company will enter into contractual arrangements with third parties that subject the Company to the risk that such parties may default on their obligations. Hence, the Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, customers, suppliers or other third parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its future cash flow from operations.

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

##### **The Company has a significant number of outstanding warrants, share options and deferred consideration shares which, if exercised and/or issued, could have a substantial dilutive effect on Existing Shareholders following Admission**

At the Latest Practicable Date, the Company has 790,000,000 Warrants (0.5) outstanding, which are exercisable at any time prior to the earlier of 18 March 2026 or twelve months following a person or persons acquiring more than 25% of the total Voting Rights or following the Company publishing an Exercise Acceleration Notice in the event that the volume weighted average price of the Ordinary Shares traded in the ordinary course of business on the Main Market is not less than £0.01 as reported by Bloomberg Finance, L.P. At Admission, a total number of 670,400,000 Warrants (1p), which are exercisable at any time prior to the first anniversary of Admission, will be issued to the Subscribers and the holders of Warrants (0.25).

The Company has also granted 1,362,497,500 Existing Options to acquire Ordinary Shares at prices between 0.1 pence and 2 pence to former and current Directors, members of Senior Management and to certain consultants which have expiry dates between 18 March 2022 and 18 March 2031. A further 563,802,023 LTIP Options will be granted to a number of Directors and employees with an exercise price of 0.1 pence, exercisable with 10 years from Admission.

Further, should the Deferred Consideration Targets be met within 12 months following Completion, 895,610,844 Deferred Consideration Shares will be issued.

The combined dilutive effect of these convertible instruments and the Deferred Consideration Shares would have significant dilutive effect upon Existing Shareholders and may impact both the future share price and the ability to attract new investors or sources of equity to invest in the Company.

On Admission, the issue and allotment of the New Ordinary Shares will result in the holdings of the Existing Shareholders being diluted to 23.0 per cent. of the Enlarged Share Capital of the Company.

Should all the Options and Warrants be exercised in full before they expire and should all the Deferred Consideration Shares be issued, the holdings of the Existing Shareholders will be further diluted to 15.5 per cent. of the Fully Diluted Enlarged Share Capital.

##### **The market price of the Ordinary Shares could be negatively affected by substantial future issues of Ordinary Shares or an additional offering of substantial numbers of Ordinary Shares in the public market, or the perception that such sales or an additional offering could occur**

Following Admission, the Company will have unexercised Warrants and Options over a total of 3,386,699,523 Ordinary Shares in aggregate, which when exercised will dilute the issued ordinary share capital of the Company and as a result may suppress the market price of the Ordinary Shares. Furthermore, any future issues of Ordinary Shares to fund the growth of the Company, or the perception that the Company may issue further Ordinary Shares may suppress the market price of the Ordinary Shares and may ultimately hinder the Company's ability to raise further capital.

##### **There may be limited trading in the Ordinary Shares which could adversely affect the liquidity and price of the Ordinary Shares**

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders actively trading in the Ordinary Shares and this may contribute to volatile Ordinary Share price movements.

Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price of the Ordinary Shares may fall below the Subscription Price.

**The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions**

The dividend policy of the Company and declaration, payment and amount of any future dividends are dependent upon the Company's financial condition, cash requirement, future prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates in addition to any restrictions set out in the applicable law or generally accepted accounting principles from time to time. There can be no guarantee that the Company will pay dividends in the foreseeable future.

At Admission the Company will not have and is not likely to have for the foreseeable future sufficient distributable reserves to enable it to lawfully pay a dividend to Shareholders. Although the Company intends to reduce its share capital after Admission, subject to shareholder and court approval, to create the distributable reserves necessary to declare dividends, there is no certainty that the Company will be successful in achieving this objective.

**The Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing**

Application will be made for the Ordinary Shares to be admitted to the Standard Listing segment of the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing currently does not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 21 of this Document.

**The Company may be unable or unwilling to transition to a Premium Listing or other appropriate listing venue in the future**

The Company is currently not eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not currently intend to seek to transfer to either a Premium Listing or other listing venue. There is no guarantee that the Company will ever meet this eligibility criterion or that a transition to a Premium Listing will be achieved. If the Company does not achieve a Premium Listing, the Company will not be obligated to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards acceptable to a company with a Standard Listing. This would include a period of time after an acquisition where the Company could be operating a substantial business but would not need to comply with such higher standards.

**If the Company is wound up, distributions to Shareholders will be subordinated to the claims of Creditors**

On a winding-up of the Company, holders of the Ordinary Shares will be entitled to be paid a distribution out of the assets of the Company available to its members only after the claims of all creditors of the Company have been met.

**RISKS RELATING TO TAXATION**

**Tax**

Shareholders should take their own tax advice as to the consequences of acquiring and owning Ordinary Shares as well as receiving dividends and other distributions from the Company. In particular, Shareholders should be aware that ownership of Ordinary Shares can be treated in different ways in different jurisdictions.

**Changes in taxation law may have adverse consequences on the tax position of the Company**

There can be no certainty that the current taxation regime in the UK or overseas jurisdictions within which

the Company currently operates or may operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged.

There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Company, which may have a material adverse effect on the Company's financial position. Any change in the Company's tax status or in taxation legislation in the UK or overseas jurisdictions could affect the Company's ability to provide returns to Shareholders. Statements in this Prospectus concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

The nature and amount of tax which members of the Company expect to pay and the reliefs expected to be available to any member of the Company are each dependent upon several assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Company. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Company.

The Company will be subject to income taxes in the UK and overseas jurisdictions, and its domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions. The Company's effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses arising from stock option compensation, the valuation of deferred tax assets and liabilities and changes in federal, state or international tax laws and accounting principles. Increases in the Company's effective tax rate could materially affect the Company's net financial results. Although the Directors believe that the Company's income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

## CONSEQUENCES OF A STANDARD LISTING

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 8 April 2022. Application will be made for the Enlarged Share Capital to be admitted to the Standard Listing Segment of the Official List. A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the Premium Segment of the Official List, which are subject to additional obligations under the Listing Rules.

Chapter 14 of the Listing Rules sets out the requirements for Standard Listings and does not require the Company to comply with, *inter alia*, the provisions of Chapters 6 to 13 of the Listing Rules. The Company will comply with Listing Principles 1 and 2 set out in Chapter 7 of the Listing Rules, as required by the FCA, and intends to comply with the Premium Listing principles as set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. The Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the FCA.

### 1. Listing Rules which are not applicable to a Standard Listing

Such non-applicable Listing Rules include, in particular:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Document or Admission;
- Chapter 9 of the Listing Rules relating to further issues of shares, issuing shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

### 2. Listing Rules with which the Company must comply under a Standard Listing

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure, Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- at least 10 per cent. of the Ordinary Shares being held by the public.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the Disclosure, Guidance and Transparency Rules.

**It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so as to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding the compliance in this Document are themselves misleading, false or descriptive.**

## IMPORTANT INFORMATION

In deciding whether or not to invest in 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 or the Directors. Without prejudice to the Company's obligations under the FSMA, the Prospectus Regulation Rules, Listing Rules and Disclosure, Guidance and Transparency Rules, neither the delivery of this Document nor any subscription 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 after its date.

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

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as whole by the Investor. In particular, investors must read the risks set out under the section "Risk Factors" set out on pages 12 to 20 of this Document.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of Ordinary Shares. Any production or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering investment in the Ordinary Shares hereby is prohibited.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or any invitation or the solicitation of an offer or invitation to subscribe for or buy, Ordinary Shares by any person in any jurisdiction:

- (i) in which such offer or invitation is not authorised;
- (ii) in which the person making such offer or invitation is not qualified to do so; or
- (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation.

This Document is being distributed only to, and is directed at, persons in the United Kingdom who are "qualified investors" (as defined in the UK Prospectus Regulation) who are also: (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005, as amended (the "Order"); or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a)-(d) of the Order; or (iii) persons to whom it may otherwise be lawful to distribute it (all such persons together being referred to as "relevant persons").

The distribution of this Document and the offering of Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company and the Directors to inform themselves about and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant security laws of any state or other jurisdiction in the United States or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada or Japan or to any national resident or citizen of Australia, Canada or Japan.

**The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.**

### **Data Protection**

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. 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:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisors to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (for any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- (b) transfer personal data outside of the EEA 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 the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect to such personal data.

In providing such personal data, investors will be deemed to have agreed to the process 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 to the disclosure and use of such data in accordance with these provisions.

### **Investment Considerations**

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Admission, including the merits and risks involved. The contents of this Document are not to be constructed as advice relating to legal, financial, taxation, investment and decisions or any other matter. Investors should inform themselves as to:

- (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association, which investors should review.

### **Forward-looking Statements**

This Document includes statements that are, or may be deemed to be, "forward-looking statement". In some cases, these forward looking statements can be identified by the use of forward looking terminology including statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to an Acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- (a) the Company's ability to identify suitable acquisition opportunities or the Company's success in completing an acquisition;
- (b) the Company's ability to ascertain the merits or risks of the operations of target company or business;
- (c) the Company's ability to deploy the Net Proceeds on a timely basis;
- (d) the availability and cost of equity or debt capital for future transactions;
- (e) currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used); and
- (f) legislative and/or regulatory changes, including changes in taxation regimes.

Prospective investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 15 of Part XIV of this Document (Additional Information).

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under Listing Rules, the Disclosure, Guidance and Transparency Rules and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward- looking statement, whether as a result of new information, future developments or otherwise.

### **Third Party Data**

Where information contained in this Document has been sourced from a third party, that third party has been identified and the Company, the Directors and the Proposed Director confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Currency Presentation**

Unless otherwise indicated, all references in this Document to "British Pounds sterling" are to the lawful currency of the UK.

### **No Incorporation of Company's Website**

Save for the information incorporated by reference listed in Part XV, information contained on the Company's website or the contents of any website accessible from hyperlinks on the Company's website are not incorporated into and do not form any part of this Document.



**Definitions**

A list of defined terms used in this Document is set out in Part XVI (Definitions) of this Document. References to sections or Parts are to sections or Parts of this Document.

**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 subject to changes in relation to thereto.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of this Document	14 March 2022
Latest time and date for receipt of Forms of Proxy	2:00 p.m. on 30 March 2022
General Meeting	2:00 p.m. on 1 April 2022
Cancellation of trading of Ordinary Shares	8.00 a.m. on 8 April 2022
Completion of the Acquisition	8 April 2022
Re-Admission and commencement of dealings on the London Stock Exchange of the Enlarged Share Capital	8:00 a.m. on 8 April 2022
Delivery of New Ordinary Shares into CREST as soon as practicable after	8:00 a.m. on 8 April 2022
New Ordinary Share certificates dispatched	15 April 2022

*These dates and times are indicative only, subject to change and may be brought forward as well as moved back, in which case new dates and times will be announced. All references to time in this Document are to London time unless otherwise stated.*

## ADMISSION STATISTICS AND DEALING CODES

Number of Existing Ordinary Shares at the date of this Document	2,029,463,802
Number of Initial Consideration Shares	5,397,451,305
Number of Subscription Shares	510,000,000
Number of Warrant Shares <sup>1</sup>	830,800,000
Number of Fee Shares	75,000,000
Enlarged Share Capital	8,842,715,107
Gross Proceeds of the Subscription	£2,550,000
Expenses relating to the Subscription	£153,000
Net Proceeds of the Subscription receivable by the Company	£2,397,000
Transaction Costs	£1,081,319
Warrant Exercise Proceeds following exercise of Warrants (0.25)	£2,077,000
Initial Consideration Shares as a percentage of the Enlarged Share Capital	61.0%
Subscription Shares as a percentage of the Enlarged Share Capital	5.8%
Warrant Shares as a percentage of the Enlarged Share Capital	9.4%
Fee Shares as a percentage of the Enlarged Share Capital	0.8%
Consideration Share Issue Price	0.6 pence
Subscription Price	0.5 pence
Market capitalisation at the Subscription Price on Admission	£44,213,575.54
Number of Warrants unexercised at Admission	1,460,400,000
Number of Options unexercised at Admission	1,926,299,523
Number of Deferred Consideration Shares <sup>2</sup>	895,610,844
Fully Diluted Share Capital <sup>3</sup>	13,125,025,474

## DEALING CODES

Current TIDM	PATH
TIDM from Admission	DGI
SEDOL	B01HKP4
ISIN Number	GB00BYQD5059
LEI	21380058VQBP76M7TN11

<sup>1</sup> New Ordinary Shares issued on exercise of Warrants (0.25).

<sup>2</sup> To be issued on the first anniversary of Admission subject to achievement of the Deferred Consideration Targets.

<sup>3</sup> Assuming all unexercised Options and Warrants at Admission are exercised and all Deferred Consideration Shares are issued.

## EXISTING DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISORS

<b>Existing Directors</b>	Nigel Brent Fitzpatrick ( <i>Non-Executive Chairman</i> ) <sup>(1)</sup> Christopher Lorne Dennis Jonathan Theis ( <i>Chief Executive Officer</i> ) John Frame Allardyce (formerly known as John Frame Warrender) ( <i>Finance Director</i> ) Nicholas George Selby Tulloch ( <i>Non-Executive Director</i> ) <sup>(2)</sup>  <sup>(1)</sup> to resign on Admission <sup>(2)</sup> to move to Non-Executive Chairman on Admission
<b>Proposed Directors</b>	Martin Hugh Boughtwood ( <i>Chief Technical Officer</i> ) Patrick Bruce Reith Symonds ( <i>Independent Non-Executive Director</i> ) Sir Stephen Gary George Dalton ( <i>Independent Non-Executive Director</i> ) Andrew John Boughtwood ( <i>Non-Executive Director</i> ) Trevor Maurice Gabriel ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Bailey Wilson Accounting Limited
<b>Registered Office</b>	15 Victoria Mews, Cottingley Business Park Millfield Road Bingley BD16 1PY
<b>Rule 3 Adviser and Financial Advisor</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
<b>Joint Corporate Broker</b>	Monecor (London) Limited (trading as ETX Capital) One Broadgate London EC2M 2QS
<b>Joint Corporate Broker</b>	W.H. Ireland Limited 24 Martin Lane London EC4R 0DR
<b>Reporting Accountant and Auditor</b>	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
<b>Solicitors to the Company</b>	Womble Bond Dickinson (UK) LLP 4 More London Riverside London SE1 2AU
<b>Solicitors to DG Innovate</b>	Reynolds Porter Chamberlain LLP Tower Bridge House London E1W 1AA
<b>Registrar</b>	Link Group Central Square 29 Wellington Street Leeds LS1 4DL
<b>Financial PR</b>	IFC Advisory Ltd 20 Birchin Lane London EC3V 9DU
<b>Website</b>	<a href="http://www.pathinvestmentsplc.com">www.pathinvestmentsplc.com</a>
<b>Website from Admission</b>	<a href="http://www.dgiplc.com">www.dgiplc.com</a>

## **PART I. LETTER FROM THE CHAIRMAN OF PATH**

*To the holders of Existing Ordinary Shares and for information purposes only the holders of Options and Warrants*

14 March 2022

Dear Shareholder,

**Acquisition of DG Innovate Limited**  
**Issue of 510,000,000 Subscription Shares at 0.5 pence per Subscription Share**  
**Issue of 670,400,000 Warrants (1p)**  
**Approval of waiver of Rule 9 obligation under the Takeover Code**  
**New articles of association**  
**and**  
**Change of name to DG Innovate plc**

### **Introduction**

The Company announced on 12 August 2021 that it had conditionally agreed to acquire the entire issued share capital of DG Innovate, the initial consideration for which is £32,384,707, to be satisfied by the issue to the DG Innovate Shareholders of the Initial Consideration Shares at a deemed issue price of 0.6 pence per Ordinary Share. The terms of the SPA were varied on 1 February 2022 and it was agreed that further consideration of £5,373,665 would be payable to the Sellers, to be satisfied by the issue of the Deferred Consideration Shares, subject to the achievement by DG Innovate of the Deferred Consideration Targets during the first year following Completion. The Deferred Consideration Targets require the obtention within 12 months following completion by the DG Innovate Group of one or more profit generating supply contract(s) with a combined value of £5,000,000 or more, or (as may be agreed in writing between the Company and the Sellers' Representative) with a combined potential value of £5,000,000 or more. A summary of the terms on which the Deferred Consideration Shares may be issued, is set out at in paragraph 12.1 of Part XIV.

The Acquisition will constitute a Reverse Takeover under the Listing Rules as it will result in a fundamental change in the business and management of the Company. Trading in the Existing Ordinary Shares was suspended with effect from 12 August 2021 on announcement of the potential reverse takeover and pending the publication of this Document and completion of the Acquisition. The Acquisition is conditional, inter alia, upon Admission and the approval by Existing Shareholders of certain Resolutions at the Company's General Meeting to be held on 1 April 2022, notice of which is set out at the end of this Document.

In addition, the Company is undertaking the Subscription to raise £2,550,000 by the issue of 510,000,000 Subscription Shares in order to provide the Enlarged Group with additional working capital and repay the DGI Shareholder Loans. The Company has entered into subscription agreements with the Subscribers which are conditional, inter alia, upon completion of the Acquisition and Admission. Further, the Company has received irrevocable exercise notices, conditional on Admission, in respect of 830,800,000 Warrants (0.25) raising an additional £2,077,000.

The Company has agreed, subject to Shareholders approving Resolutions 4 and 6 at the General Meeting, to allot a total of 670,400,000 Warrants (1p) on the basis that: (i) one Warrant (1p) will be issued to each Subscriber for every two Subscription Shares issued to each Subscriber, which will result in the issue of 255,000,000 Warrants (1p); and (ii) one Warrant (1p) will be issued to each holder of Warrants (0.25) for every two Warrants (0.25) exercised pursuant to the Warrant Exercise Notices, which will result in the issue of 415,400,000 Warrants (1p).

To support the strategy going forwards, the Company is also proposing a change of name to DG Innovate plc which is outlined below.

The purpose of this Document is to explain the background to and reasons for the Acquisition, how it aligns with the Company's strategy and why the Existing Directors believe that the Acquisition and the Subscription are in the best interests of the Company and its Existing Shareholders.

### **Overview and reasons for the Acquisition**

The last few years have seen a significant number of national emissions-reduction plans evolve from targeting a percentage reduction relative to 1990 levels to an absolute goal: aiming for net-zero emissions by around mid-century.

In the case of the UK and the EU, their net-zero targets are now legally binding. The UK has set five-yearly carbon budgets and created an independent body to help ensure it gets there. Other countries also joined the "net-zero party" in 2020, including South Korea and Japan, which have also set a target date of 2050, and most notably China, which aims for 2060.

This marks a significant step-up from the countries' previous emissions-intensity based pledges. In the US, newly inaugurated President Biden's third act in office was to sign an executive order enabling the US to re-join the Paris Agreement. Biden is also planning for the US to reach net-zero by 2050.

In total, 127 countries, representing 63 per cent of global emissions, have now adopted or are considering net-zero targets.

With greenhouse gas emissions from transport representing 27 per cent of total UK domestic emissions in 2019 according to transport and environment statistics published by the UK Government on 19 October 2021, decarbonising transport must be part of the solution. This will be a major change but moving to a low carbon economy and transport system also presents opportunities, not just for climate change but for societal prosperity, health, and the wider environment. Transport underpins the nation's quality of life and economic prospects. If Government targets are achieved by 2050 a fundamentally different transport system in the UK will exist. Road and rail transport will be largely decarbonised. The technical challenges are greater for aviation and shipping, but these modes too will have seen a transformative improvement in efficiency.

The Company was incorporated on 2 June 2000 in England and Wales and was formed for the purpose of undertaking an acquisition of a target company or business in the energy sector, drawing on the extensive experience of the Company's Board. As Directors, we have been seeking to identify suitable acquisition opportunities that we believe can add value for Shareholders. The Company reviewed many possible acquisition opportunities before agreeing the terms regarding the current acquisition of DG Innovate.

In order to properly analyse the merits of the Acquisition, the Directors have drawn on the expertise of a number of key advisers to undertake legal, financial and commercial due diligence on DG Innovate and its business and operations. The Company and DG Innovate entered into an exclusivity agreement on 23 March 2021, following which the parties conducted necessary commercial, financial and legal due diligence. Following the completion of the due diligence review, the Directors believe that DG Innovate represents a very suitable acquisition opportunity for the Company.

In summary, the Directors believe that the Acquisition and the Subscription are in the best interests of the Shareholders for the following reasons:

- it allows the Company to acquire an advanced research and development business focused on the material science of energy storage and the development of novel electric drive technologies at a strategic time when countries around the world are adopting or considering net-zero emission targets;
- the Directors believe the consideration being paid for DG Innovate is attractive;
- DG Innovate is at the forefront of electric hub e-motor development with collaborations in the defence, marine, automotive and aviation sectors;
- it will provide capital to assist DG Innovate to further its business with its existing corporate partners, including the UK Government; and
- it will provide capital to further enable DG Innovate to fund its research and development program with the aim of adding new technologies to its existing portfolio, such as furthering its Sodium-Ion battery applications.

In summary, the Directors believe that the Acquisition and Subscription will benefit the Enlarged Group in the following ways:

- it enhances DG Innovate's ability to commercialise its EDT and EBT as well as other patents and innovations;
- it enhances DG Innovate's ability to develop its licensing and royalty business;
- it enhances DG Innovate's ability to attract and retain new staff through share option schemes;
- it enhances DG Innovate's ability to be a global leader in sustainable high performance electric drives and safe and non-toxic energy storage;
- it grants the Enlarged Group easier access to future equity capital should further funds be required for acquisitions or any future organic development beyond the Enlarged Group's present plans; and

- it increases both the Company's and DG Innovate's networks of high-level industry and technical relationships, to support both current activities and future activities.

Further details on the DG Innovate Group and the strategy for the Enlarged Group are included in Part III of this Document.

### **The Acquisition**

On 13 August 2021, the Company announced that it had entered into a Share Purchase Agreement to conditionally acquire 100 per cent. of the issued share capital of DG Innovate in consideration for the allotment of the Initial Consideration Shares.

As announced to the market on 1 February 2022, the parties agreed to extend the long stop date before such time all SPA conditions must be satisfied (or waived) to 31 March 2022. On 9 March 2022, the long stop date was extended further by agreement between the parties to 14 April 2022. It was also agreed to issue the Deferred Consideration Shares to the Sellers, subject to achievement by DG Innovate of the Deferred Consideration Targets during the first year following Completion.

A Summary of the terms of the SPA, including the terms on which the Deferred Consideration Shares may be issued, is set out at in paragraph 12.1 of Part XIV ("Additional Information").

### **The Subscription**

The Company will, conditional on Admission raise £2,550,000 (before Transaction Costs of approximately £1,081,319) by the issue of 510,000,000 Subscription Shares which have been conditionally issued at the Subscription Price. Under the terms of the Subscription the Company will issue to the Subscribers one Warrant (1p) for every two Subscription Shares.

### **Takeover Code**

The Company is incorporated in England and Wales and its Existing Ordinary Shares are admitted to trading on the Standard List of the Main Market. Accordingly, the Takeover Code applies to the Company and as such its Shareholders are entitled to the protections afforded by the Takeover Code.

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

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

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer. Under the Takeover Code, a concert party arises where persons, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means any interest, or aggregate interest in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the interest or interests give *de facto* control.

Upon Admission, the Enlarged Share Capital will be 8,842,715,107 Ordinary Shares. The current shareholdings of the Concert Party as at the Last Practicable Date and in the Enlarged Share Capital and the Partially Diluted Enlarged Share Capital following Admission are set out below.

Concert Party Member	Last Practicable Date		Admission Enlarged Share Capital			Admission Partially Diluted Enlarged Share Capital			
	Interest in Existing Ordinary Shares		Initial Consideration Shares to be issued	Interest in Enlarged Share Capital		Number of Concert Party Options	Entitlement to Deferred Consideration Shares	Interest in the Partially Diluted Enlarged Share Capital <sup>4</sup>	
	No.	%		No.	%			No.	%
Martin Boughtwood <sup>(1)</sup>	-	-	3,026,591,664	3,026,591,664	34.2	156,105,002	502,208,943	3,684,905,609	37.1
Trevor Gabriel <sup>(2)</sup>	-	-	555,561,720	555,561,720	6.3	-	92,185,565	647,747,285	6.5
Michael Depper	-	-	252,528,054	252,528,054	2.9	-	41,902,529	294,430,583	3.0
Graham Weller	-	-	252,528,054	252,528,054	2.9	-	41,902,529	294,430,583	3.0
William Brogden	-	-	126,264,027	126,264,027	1.4	-	20,951,264	147,215,291	1.5
Andrew Boughtwood	-	-	75,758,416	75,758,416	0.9	-	12,570,758	88,329,174	0.9
Ross Hyett <sup>(3)</sup>	-	-	157,830,033	157,830,033	1.8	-	26,189,081	184,019,114	1.9
Rebecca Louise Hainsworth	-	-	6,060,674	6,060,674	0.1	4,947,453	1,005,661	12,013,788	0.1
Xin (Lucy) Liu	-	-	15,151,683	15,151,683	0.2	44,173,696	2,514,151	61,839,530	0.6
<b>TOTAL</b>	-	-	<b>4,468,274,325</b>	<b>4,468,274,325</b>	<b>50.5</b>	<b>205,226,151</b>	<b>741,430,481</b>	<b>5,414,930,957</b>	<b>54.5</b>

- (1) Martin Boughtwood's interest in Ordinary Shares includes 3,026,591,664 Ordinary Shares held by Deregallera Trust, a trust in which Denise Boughtwood (a connected person and the spouse of Martin Boughtwood) is the sole beneficiary. Martin Boughtwood's children Rebecca Louise Hainsworth and Lewis Raymond Boughtwood are the trustees of Deregallera Trust and are both connected persons of Martin Boughtwood.
- (2) Trevor Gabriel's interest in Ordinary Shares includes 555,561,720 Ordinary Shares held by Disruptech Ltd, a company in which Trevor Gabriel is the sole shareholder and a director.
- (3) Ross Hyett's interest in Ordinary Shares includes 157,830,033 Ordinary Shares held by Denton & Co Trustees Limited, a trustee of the pension trust in which Ross Hyett is the sole beneficiary.

At Admission, following completion of the Acquisition and Subscription and conditional on the Rule 9 Waiver, the Concert Party will be interested in an aggregate of 4,468,274,325 Ordinary Shares representing approximately 50.5 per cent. of the Enlarged Share Capital.

Shareholders should be aware that Rule 9 of the Takeover Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds shares carrying more than 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then such person will not normally be required to make a mandatory general offer to the other shareholders to acquire their shares. Given that, following the issue of the Initial Consideration Shares the Concert Party will hold more than 50 per cent. of the voting share capital of the Company, any further acquisitions of the Company's shares by any member of the Concert Party, whether individually or collectively, would normally not trigger any obligation under Rule 9 of the Takeover Code to make a general mandatory offer to Shareholders to acquire the entire issued share capital of the Company. However, notwithstanding the waiver and Rule 9 Waiver resolution, individual members of the Concert Party would not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel.

Following Admission, should the Deferred Consideration Shares be issued in full and the Concert Party exercise the options held by them (assuming no new shares are issued in the meantime), the Concert Party will hold in aggregate a maximum of 5,414,930,957 Ordinary Shares representing approximately 54.5 per cent. of the Partially Diluted Enlarged Share Capital. Should the Concert Party holding fall below 50 per cent. prior to the issue of Deferred Consideration Shares and/or the Concert Party Options being exercised, subject to approval of the Rule 9 Waiver, the Concert Party will not be required to make a mandatory general offer as a result of the acquisition of Ordinary Shares pursuant to either the exercise of the Concert Party Options or the issue of the Deferred Consideration Shares.

#### Independent advice provided to the Board

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the waiver resolution, the acquisition of the Consideration Shares by the members of the Concert Party, the issue of options to the members of the Concert Party as summarised in this Part I, and the effect it will have on Shareholders generally. Accordingly, Grant Thornton, as the Company's financial adviser, has provided formal advice to the Existing Directors regarding the proposals. Grant Thornton confirms that it is independent of Path Investments plc and the members of the Concert

<sup>4</sup> Assuming only Concert Party Options are exercised and the Deferred Consideration Shares are issued.



Party and has no commercial relationship with the members of the Concert Party.

### **Waiver and Rule 9 Waiver Resolution**

Under Note 1 of the Notes on the Dispensations from Rule 9, when the issue of new securities would otherwise result in an obligation to make a mandatory general offer under Rule 9, the Takeover Panel may grant a waiver of that obligation if, inter alia, the shareholders of a company who are independent of the person who would otherwise be required to make a mandatory general offer, and any person acting in concert with him or her, pass an ordinary resolution on a poll at a general meeting approving the proposals giving rise to the obligation to make a mandatory general offer under Rule 9 and the waiver of it by the Takeover Panel.

The Takeover Panel has agreed, subject to the passing of Resolution 1 by the Independent Shareholders on a poll at the General Meeting, to waive the obligation of the Concert Party, collectively and/or individually, to make a mandatory general offer under Rule 9 for the Ordinary Shares not already owned by it as would otherwise arise following the issue of the Consideration Shares and Concert Party Options as summarised in this Part I.

To be passed, Resolution 1 will require a simple majority of the votes cast on a poll vote by Independent Shareholders. As at the Last Practicable Date, no member of the Concert Party held an interest in the issued ordinary share capital of the Company. Existing Shareholder Subscribers together with David Williams and Wentworth Limited (who are interested in ordinary shares of both Path and DG Innovate), are not considered to be independent for the purposes of the Rule 9 Waiver and have undertaken to the Company that they will not vote on Resolution 1 in respect of in aggregate 355,300,000 Ordinary Shares.

Consequently, only Independent Shareholders holding 1,674,163,802 Ordinary Shares, representing 82.5% of the existing share capital of the Company as at the date of this Document, will be entitled to vote on resolution 1.

Further information on the Concert Party, the Takeover Code and the waiver is included in Part VII of this Document.

### **Readmission**

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 8 April 2022. Applications will be made for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to the Official List of the FCA by way of a Standard Listing and to trading on the Main Market. Readmission is expected to occur at 8:00 a.m. on 8 April 2022.

### **Change of name**

To reflect the business of the Enlarged Group, the Board is proposing to change the name of the Company to DG Innovate plc. The Company's shareholders will need to approve the change of name by passing a special resolution at the Company's General Meeting. The notice of General Meeting at the end of this Document includes the change of name resolution and, if approved, the change of name will take effect on Completion.

### **New Articles of Association**

The Company is proposing to adopt new Articles of Association, subject to Completion, which amongst other matters, include new provisions regarding the frequency of the retirement of the Directors and will be updated to reflect the single class of ordinary shares in the capital of the Company following the cancellation of the Company's deferred shares. Further details are included in paragraph 4 of Part XIV of this Document.

### **General Meeting**

You will find at the end of this Document the notice of General Meeting. The General Meeting is to be held at 2:00 p.m. on 1 April 2022 at the offices of Womble Bond Dickinson (UK) LLP, 4 More London Riverside, SE1 2AU. At the General Meeting, the Resolutions listed below will be proposed.

The passing of resolution 1 (Rule 9 Waiver) will be taken on a poll and require the approval by the Independent Shareholders by way of simple majority.

The authority to allot new shares and warrants to subscribe for new shares requested under Resolutions 2

to 4 will require shareholder approval by way of a simple majority.

The special resolutions 5 to 7 will require shareholder approval of a majority of not less than 75% of the votes cast by eligible members.

### **Ordinary Resolutions**

#### **1. Rule 9 Waiver**

THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise for the Concert Party to make a general offer to shareholders of the Company pursuant to Rule 9 of the Takeover Code on Takeovers and Mergers as a result of the issue of Initial Consideration Shares, Deferred Consideration Shares and Concert Party Options as summarised in this Part I to them, as set out in the Prospectus of which this notice forms part, be and is hereby approved.

#### **2. Authority to allot Consideration Shares**

THAT, subject to passing of Resolution 1, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("**CA 2006**"), to exercise all powers of the Company to allot the Consideration Shares up to an aggregate nominal amount of £6,293,063 to the shareholders of DG Innovate Limited in consideration for the sale of their shares in DG Innovate Limited in connection with the Acquisition, such authority to expire on the date falling fifteen months after the date of the passing of this Resolution.

#### **3. Authority to allot Subscription Shares**

THAT, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot the Subscription Shares at the Subscription Price up to an aggregate nominal amount of £510,000 to the Subscribers, such authority to expire on the date falling twelve months after the date of the passing of this Resolution.

#### **4. Authority to allot Warrants (1p)**

THAT, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot the Warrants (1p) up to an aggregate nominal amount of £670,400 to the Subscribers and the holders of the Warrants (0.25), such authority to expire on the date falling twelve months after the date of the passing of this Resolution.

### **Special Resolutions**

#### **5. Disapplication of pre-emption rights on allotment of Subscription Shares**

THAT, subject to the passing of Resolution 3, the Directors be generally empowered pursuant to section 570 of the CA 2006 to allot the Subscription Shares under the authority conferred in Resolution 3 for cash as if section 561 of the CA 2006 did not apply to such allotments, provided that this power shall:

- (a) be limited to the allotment to the Subscribers of the Subscription Shares up to an aggregate nominal value not exceeding £510,000; and
- (b) expire on the date falling twelve months after the date of the passing of this Resolution.

#### **6. Disapplication of pre-emption rights on allotment of Warrants (1p)**

THAT, subject to the passing of Resolution 4, the Directors be generally empowered pursuant to section 570 of the CA 2006 to allot the Warrants (1p) under the authority conferred in Resolution 4 as if section 561 of the CA 2006 did not apply to such allotments, provided that this power shall:

- (a) be limited to the allotment to the Subscribers and the holders of Warrants (0.25) of the Warrants (1p) up to an aggregate nominal value not exceeding £670,400; and
- (b) expire on the date falling twelve months after the date of the passing of this Resolution.

#### **7. Change of name**

THAT, subject to and with effect from Completion, the Company changes its name to DG Innovate plc.

## **8. New articles of association**

THAT, subject to and with effect from Completion, the draft articles of association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification ("New Articles") be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

### **Action to be taken**

A Form of Proxy is enclosed for use by Existing Shareholders at the General Meeting. Whether or not Existing Shareholders intend to be present at the General Meeting, they are asked to complete, sign and return the Form of Proxy by post or by hand to the Registrar, Link Group, as soon as possible and in any event not later than 2:00 p.m. on 30 March 2022.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system.

CREST messages must be received by the issuer's agent (ID number RA10) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by crest in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **Recommendation**

The Existing Directors, who have been so advised by Grant Thornton, consider that the Resolutions are fair and reasonable and in the best interests of the Existing Shareholders and the Company as a whole. Accordingly, the Existing Directors unanimously recommend the Independent Shareholders to vote in favour of Resolution 1 and the Existing Shareholders to vote in favour of Resolutions 2-8 to be proposed on a poll at the General Meeting, as the Existing Directors intend to do in respect of their own beneficial holdings which amount, in aggregate, to 124,332,464 Existing Ordinary Shares, representing approximately 6.1 per cent of the Existing Ordinary Shares.

### **Further information**

Shareholders should read the whole of this Document, which provides additional information on the Company, the DG Innovate Group, the Acquisition and the Subscription and should not rely on summaries of, or individual parts only of, this Document.

Yours faithfully

Brent Fitzpatrick  
Chairman

## **PART II. INFORMATION ON THE COMPANY**

### **1. Introduction**

Path was admitted to trading on the Standard Listing segment of the Official List and to the Main Market of the London Stock Exchange on 30 March 2017. The Company is an investment vehicle and has reviewed a number of potential acquisitions which have not been concluded for commercial reasons (as set out in paragraph 2 below).

Path has identified DG Innovate as a suitable acquisition target in line with its current investment strategy of seeking assets in the energy sector. Subject to the completion of the Acquisition, the Company shall become the holding company of the DG Innovate Group.

On 23 March 2021, the Company entered into an exclusivity agreement with DG Innovate in respect of the potential acquisition by the Company of the entire issued share capital of DG Innovate. This was subsequently followed by a non-binding heads of terms on 20 April 2021 and on 12 August 2021 the Loan Agreement was entered into for a loan facility of up to £600,000 from Path to DG Innovate. The SPA was subsequently entered into between the Company and the DG Innovate Shareholders 12 August 2021. Pursuant to the SPA, the Company has conditionally agreed to acquire the entire issued share capital of DG Innovate in exchange for the issue of the Initial Consideration Shares, which will represent 61.0 per cent. of the Enlarged Share Capital. On 1 February 2022 the Company agreed to provide DG Innovate with a further secured loan facility of up to £450,000 of which £300,000 has been drawn at the date of this document. Consequently, the Company has provided in aggregate £1,050,000 of loan facilities to DG Innovate of which £900,000 has been drawn at the date of this document.

Save as set out in this Document, the Company has not entered into any significant transactions or financial commitments.

The Company owns no assets other than cash on bank deposit representing sums subscribed by Existing Shareholders for ordinary shares in the Company.

### **2. Objective and strategy**

Following Completion, the objective of the Company will be to operate the Enlarged Group and implement the strategy of the DG Innovate Group as set out in Part III of this Document with a view to generating value for its Shareholders through development and growth.

### **3.3 History of the Company**

The shares in Path were first admitted to trading on AIM in August 2004 as a Company investing in pre-IPO opportunities. It subsequently made a series of convertible loans (in aggregate amounting to approximately £18.6 million) to Oman Resources Limited, an investment vehicle which invested the proceeds of those loans into certain Turkish assets. Oman Resources Limited failed to repay the loans after demands for repayment were made by the Company. The Company's admission to AIM was subsequently cancelled on 12 September 2012 as a result of its shares being suspended from AIM for six months pending a reverse takeover, which was not subsequently completed.

Since that time the Company has changed its management team and developed a new strategy and business plan seeking acquisition opportunities in revenue and near-revenue generating assets in the energy sector. In order to facilitate this strategy, the Company's shares were admitted to the Official List and trading on the Main Market of the London Stock Exchange on 30 March 2017, and it raised gross proceeds of £1.4 million via a placing at that time.

Since being admitted on to the Standard Listing in March 2017 the Company has reviewed a number of potential acquisition opportunities, as set out below, although none of these completed.

- In December 2017, the Company entered into a Conditional Farm-In Agreement with 5P Energy GmbH, under which Path would acquire a 50% Participating Interest in the Alfeld-Elze II License and field. In November 2018 the Company announced that it had decided to withdraw from the transaction.
- In January 2019 the Company announced the signing of a Heads of Agreement for the proposed acquisition of ARC Marlborough Pty. Limited, before withdrawing from negotiations the following March.
- In August 2019 the Company announced the signing of an SPA relating to the proposed acquisition of Fine Gems Extraction Corporation which indirectly owned a majority interest in the Jagoda License located in Central Zambia containing deposits of both Tourmaline and Manganese. However, the

Directors of the Company concluded that, whilst the asset was attractive and offered clear potential, the transaction would not have been viable as originally conceived and accordingly, let the SPA had expire without completion of the transaction in May 2020.

- In May 2020 the Company announced the conditional acquisition of a patented proprietary technology, DT Ultravert, for use initially within the oil and gas sector, from Zoetic International Plc. However, due to concerns raised during the transaction the Directors terminated the transaction in February 2021.

The Company is deemed to be a "shell company" under the Listing Rules as it only has the cash from the recent placing of £3.5 million which completed on 18 March 2021.

#### 4. Terms of Acquisition

Path has conditionally agreed to acquire the total issued share capital of DG Innovate for a consideration of approximately £32,384,707, to be satisfied by the issue of 5,397,451,305 Initial Consideration Shares pursuant to the SPA.

Completion of the Acquisition is subject to certain conditions, including the approval of the Whitewash Resolution by the Independent Shareholders at the General Meeting. The SPA includes a long stop date for the satisfaction (or waiver) of all conditions, which as announced by the Company on 1 February 2022 has been extended by agreement between the parties to 31 March 2022. On 9 March 2022, the long stop date was extended further by agreement between the parties to 14 April 2022.

The SPA contains warranties between the parties customary for a transaction of this nature.

Further details of the SPA are included in paragraph 12.1 of Part XIV of this Document.

The Company has agreed to issue 50,000,000 Fee Shares to Patronus Partners in lieu of its corporate finance fee for identifying and introducing DG Innovate to the Company as a suitable acquisition target. Further details of the Company's engagement letter with Patronus Partners are set out in paragraph 12.17 of Part XIV of this Document.

#### 5. The Subscription, Use of Net Subscription Proceeds and Warrant Exercise Proceeds

The Company is undertaking the Subscription to raise £2,550,000 by the issue of 510,000,000 Subscription Shares in order to provide the Enlarged Group with additional working capital. The Company has entered into agreements with the Subscribers which are conditional, inter alia, upon completion of the Acquisition and Admission.

The expenses relating to the Subscription are £153,000. No expenses will be charged to the investor(s) for participation in the Subscription. As a result, the Net Subscription Proceeds receivable by the Company from the issue of the Subscription Shares will be £2,397,000, being the Gross Placing Proceeds of £2,550,000 less £153,000.

In addition, the Company has received, conditional on Admission, irrevocable exercise notices to exercise 830,800,000 Warrants (0.25) raising an additional £2,077,000 for the Company on Admission.

The total Transaction Costs incurred by Path are £1,081,319, comprising legal and financial due diligence costs and general transaction advice and the expenses associated with the Subscription. These expenses will be borne by the Company. The costs incurred by DG Innovate are being borne by DG Innovate.

The Company has agreed to issue 25,000,000 Fee Shares to John Story in lieu of his underwriting fee of £125,000 under the terms of the Underwriting Agreement. Further details of the Underwriting Agreement are set out in paragraph 12.19 of Part XIV of this Document.

It is anticipated by the Directors that the Subscription Proceeds and the Warrant Exercise Proceeds will be used by the Enlarged Group as follows:

	£m
Transaction Costs	1.1
G&A and overheads	1.4
R&D staff costs	1.0
Development costs	0.3
Repayment of loans and interest	0.7
Capital expenditure	0.1
<b>Total</b>	<b>4.6</b>

Further details on the Subscription are set out in paragraph 12.9 of Part XIV of this Document.

## 6. Financial Information on the Company

The audited historical financial information relating to the Company, as set out in Part IX of this Document, is incorporated by reference. Copies of the annual accounts for the years ended 31 December 2020, 2019 and 2018 may be found on the Company's website.

The table below shows selected summary historical financial information extracted without material adjustment from Path's consolidated audited accounts for the three years ended 31 December 2020, 2019 and 2018, which were prepared under IFRS.

	Six months ended 30 June 2021 (Unaudited) £'000	Year ended 31 December 2020 (Audited) £'000	Year ended 31 December 2019 (Audited) £'000	Year ended 31 December 2018 (Audited) £'000
<b>Income statement (extracts)</b>				
Revenue	-	-	-	-
Profit/(Loss) before taxation	(736)	(377)	(318)	(1,331)
Profit/(Loss) for the period	(736)	(377)	(318)	(1,311)
<b>Statement of financial position (extracts)</b>				
Total assets	2,398	70	10	3
Cash and cash equivalents	2,267	468	—	—
Net assets/(Liabilities)	2,235	2,145	(1,905)	(1,588)

## 7. Risk factors

The material risks which the Directors consider that should be taken into account are set out under "Risk Factors" on pages 12 to 20 of this Document.

## 8. The Existing Directors

As at the date of this Document, the Directors and their respective interests in the Company are as follows:

Director	Current role	Number of Existing Ordinary Shares	Percentage of Issued Share Capital
Christopher Theis	Chief Executive Officer	60,995,589	3.0
Brent Fitzpatrick	Non-executive Chairman	57,336,875	2.8
John (Jack) Allardyce	Finance Director	6,000,000	0.3
Nicholas Tulloch	Non-executive Director	-	-

Details of the Existing Directors' respective interests in Options are set out in paragraph 10 of this Part II of the Document.

Further details of the Directors and senior management on Admission are set out in paragraphs 1 and 2 of Part V of this Document.

Paragraph 10 of Part XIV of this Document contains further details of directorships and partnerships, and certain other important information regarding the Directors.

## 9. Details of the Share Capital and Dilution of Existing Shareholders

As at the date of this Document, the Company has issued 2,029,463,802 ordinary shares of £0.001 each in the share capital of the Company.

It is proposed that the Company issues on Admission 5,397,451,305 Initial Consideration Shares to the DG Innovate Shareholders and 510,000,000 Subscription Shares to the Subscribers. Following the exercise of the Warrants (0.25) pursuant to the Exercise Notices 830,800,000 Warrant Shares will be issued subject to Admission.

Upon completion of the Subscription and the Acquisition, the Subscription Shares and the Initial Consideration Shares will represent approximately 66.8 per cent. of the Enlarged Share Capital of the Company.

The Acquisition and the Subscription, together with the issue of the Warrant Shares and Fee Shares, will result in the Existing Ordinary Shares being diluted so as to constitute approximately 23.0 per cent. of the Enlarged Share Capital of the Company as at Admission.

The Fully Diluted Enlarged Share Capital as at Admission will be as follows:

	Percentage of Total	
Existing Ordinary Shares	2,029,463,802	15.5%
Subscription Shares	510,000,000	3.9%
Fee Shares	75,000,000	0.6%
Initial Consideration Shares	5,397,451,305	41.1%
Warrant Shares (following exercise of Warrants (0.25) at Admission)	830,800,000	6.3%
Existing Options	1,362,497,500	10.4%
LTIP Options	563,802,023	4.3%
Warrants (0.50)	790,000,000	6.0%
Warrants (1p)	670,400,000	5.1%
Deferred Consideration Shares	895,610,844	6.8%
<b>Total</b>	<b>13,125,025,474</b>	<b>100%</b>

Should all Warrants (0.50) and Options be exercised in full, the Company would receive £3,950,000 in exercise payments.

#### 10. Shareholders and Holders of Options and Warrants

So far as the Company is aware, as at the Last Practicable Date, the following persons (excluding the Directors), directly or indirectly, had/will have an interest in the Company's capital or Voting Rights which is notifiable under the Disclosure and Transparency Rules:

Shareholder	Last Practicable Date		Admission		
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of Enlarged Share Capital	Number of Options and Warrants
John Story	200,000,000 <sup>(1)</sup>	9.9	485,000,000 <sup>(2)</sup>	5.5	180,000,000
Monecor (London) Limited	177,802,112	8.8	218,602,112	2.5	-
Spreadex Limited	121,086,246	6.0	165,436,246	1.9	44,350,000
Cantor Fitzgerald Europe	109,000,000	5.4	109,000,000	1.2	-
David Williams	110,000,000 <sup>(3)</sup>	5.4	594,280,093 <sup>(4)</sup>	6.7	48,000,000
Richard & Charlotte Edwards	100,016,875	4.9	100,016,875	1.1	-

(1) John Story's interest in these existing Ordinary Shares is held via a financial instrument issued by Argon Financial Limited.

(2) The new Ordinary Shares will be held by Argon Financial Limited as nominee on behalf of John Story.

(3) Of these Ordinary Shares, 96,000,000 are registered in the name of Wentworth Limited, a company which is beneficially owned by David Williams and of which he is a director.

(4) Of these Ordinary Shares, 192,000,000 are registered in the name of Wentworth Limited, a company which is beneficially owned by David Williams and of which he is a director.

The persons listed in the table below hold Existing Options to subscribe for new Ordinary Shares at the date of this Document:

<b>Option holder</b>	<b>Existing Options</b>	<b>Exercise Price</b>	<b>Exercise Period</b>	<b>Total Existing Options</b>
Christopher Theis	42,500,000	£0.001	8 October 2030	782,020,000
	739,520,000	£0.001	18 March 2031	
Andrew Yeo	17,875,000	£0.001	8 October 2030	231,625,000
	213,750,000	£0.001	18 March 2031	
Brent Fitzpatrick	162,820,000	£0.001	18 March 2031	162,820,000
John (Jack) Allardyce	62,500,000	£0.001	18 March 2031	62,500,000
Tommaso Corrado	40,000,000	£0.001	18 March 2022	40,000,000
Rakesh Patel (Adler Shine) <sup>(1)</sup>	70,720,000	£0.001	18 March 2023	72,845,000
	1,000,000	£0.001	29 March 2027	
	750,000	£0.01	29 March 2027	
	375,000	£0.02	29 March 2027	
Donal Boylan	3,000,000	£0.001	29 March 2027	10,687,500
	5,125,000	£0.01		
	2,562,500	£0.02		
<b>Total</b>				<b>1,362,497,500</b>

(1) On 9 March 2022, the option period of Rakesh Patel's Existing Options over 70,720,000 Ordinary Shares was extended by one year from 18 March 2022 to 18 March 2023

In addition to the Existing Options detailed above the Board has agreed to grant a total of 563,802,023 LTIP Options, to certain Directors and key management, conditional on Admission. Please see paragraph 3.14 of Part XIV of the Document for further details.



The persons listed in the table below hold warrants to subscribe for new Ordinary Shares at the date of this Document:

<b>Warrant holder</b>	<b>Warrants</b>	<b>Exercise Price</b>	<b>Exercise Period</b>	<b>Total Warrants</b>
The Bank of New York (Nominees)	65,000,000	£0.005	17 March 2026	65,000,000
	65,000,000	£0.0025	17 March 2026	65,000,000
Barsec Nominees Limited	10,000,000	£0.005	17 March 2026	10,000,000
	10,000,000	£0.0025	17 March 2026	10,000,000
Interactive Investor Services Nominees Limited	20,000,000	£0.005	17 March 2026	20,000,000
	20,000,000	£0.0025	17 March 2026	20,000,000
ISI Nominees Limited	40,000,000	£0.005	17 March 2026	40,000,000
	40,000,000	£0.0025	17 March 2026	40,000,000
JIM Nominees Limited	25,000,000	£0.005	17 March 2026	25,000,000
	25,000,000	£0.0025	17 March 2026	25,000,000
	50,000,000	£0.005	17 March 2026	50,000,000
	50,000,000	£0.0025	17 March 2026	50,000,000
	90,000,000	£0.005	17 March 2026	90,000,000
	90,000,000	£0.0025	17 March 2026	90,000,000
	15,000,000	£0.005	17 March 2026	15,000,000
	15,000,000	£0.0025	17 March 2026	15,000,000
Nomura PB Nominees Limited	200,000,000	£0.005	17 March 2026	200,000,000
	200,000,000	£0.0025	17 March 2026	200,000,000
Peel Hunt Holdings Limited	60,000,000	£0.005	17 March 2026	60,000,000
	60,000,000	£0.0025	17 March 2026	60,000,000
Platform Securities Nominees Limited	48,000,000	£0.005	17 March 2026	48,000,000
	48,000,000	£0.0025	17 March 2026	48,000,000
Spreadex Limited	44,350,000	£0.005	17 March 2026	44,350,000
	44,350,000	£0.0025	17 March 2026	44,350,000
Monecor (London) Limited	40,800,000	£0.0025	17 March 2026	40,800,000
John Story	100,000,000	£0.005	17 March 2026	100,000,000
	100,000,000	£0.0025	17 March 2026	100,000,000
Simon Morris	9,000,000	£0.005	17 March 2026	9,000,000
	9,000,000	£0.0025	17 March 2026	9,000,000
Kipling Investments	1,000,000	£0.005	17 March 2026	1,000,000
	1,000,000	£0.0025	17 March 2026	1,000,000
ACG	8,650,000	£0.005	17 March 2026	8,650,000
	8,650,000	£0.0025	17 March 2026	8,650,000
Chris Dennistoun	4,000,000	£0.005	17 March 2026	4,000,000
	4,000,000	£0.0025	17 March 2026	4,000,000
<b>Total</b>				<b>1,620,800,000</b>

## 11. Dividend Policy

The Company intends to pay dividends on the Ordinary Shares at such times and in such amounts (if any) as the Board determines appropriate in its absolute discretion. The Company will only pay dividends to the extent it is able to do so in accordance with all applicable laws.

No dividends were paid by the Company during the last 3 financial years.

## 12. Taxation

General information relating to UK taxation with regards to the Subscription is summarised in Part XIII of this Document. A Shareholder who is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, should consult his or her professional advisers immediately.

### 13. **Tax losses**

The Company has surplus management expenses available to carry forward and use against trading profits arising in future periods of approximately £6,180,000. In addition, the Company has non-trading loan relationship debits to carry forward to offset against future non-trading loan relationship credits of approximately £18,917,000. As a result the directors anticipate the use of such tax losses available to offset future taxable profits for a number of years forward.

### 14. **Admission**

Trading in the Existing Ordinary Shares was suspended with effect from 12 August 2021 pending the publication of this Document and completion of the Acquisition.

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market, and the FCA will cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 8:00 a.m. on 8 April 2022. Applications will be made for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to the Official List of the FCA by way of a Standard Listing and to trading on the Main Market. Readmission is expected to occur at 8:00 a.m. on 8 April 2022.

If the Acquisition does not complete for any reason, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence. The change of name, the adoption of the New Articles, the Subscription and the issue of the Warrant Shares will not occur.

### 15. **Further information**

Shareholders should read the whole of this Document, which provides additional information on the Company, the Acquisition and the Subscription and should not rely on summaries of, or individual parts only of, this Document.

## PART III. INFORMATION ON THE DG INNOVATE GROUP AND THE ENLARGED GROUP

### 1. Introduction

DG Innovate (formerly Deregallera Holdings Ltd) is an advanced research and development company pioneering sustainable and environmentally considerate improvements to electric mobility and storage, using abundant materials and the best engineering and scientific practices. DG Innovate is currently developing its products alongside a number of major manufacturers across the transportation and energy sectors, research institutions and the UK Government and has filed 18 patents worldwide.

DG Innovate’s current research and development activities are broadly split into two areas, focusing on novel electric motor technologies and energy storage solutions. Its two main products are:

- **Enhanced Drive Technology (EDT)** - High efficiency, lightweight, cost-effective electric motors and electronics; and
- **Enhanced Battery Technology (EBT)** – Sodium-ion batteries offering a sustainable energy storage solution at similar/greater energy density to incumbent technologies at a lower cost, increased safety with lower environmental footprint

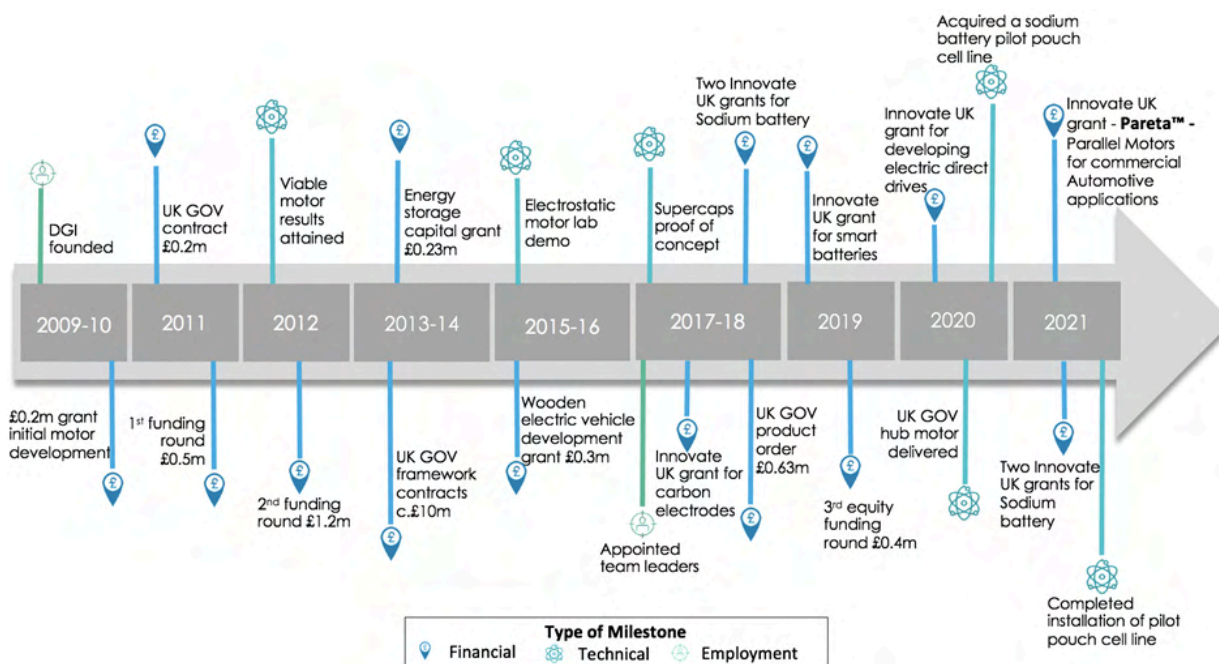
The Acquisition and associated fundraising will provide the Enlarged Group with a more robust foundation and enhanced leadership team to develop the DG Innovate business as this seeks to move into a phase of product commercialisation in the medium term.

### 2. Background and history of the DG Innovate Group

DG Innovate was founded in 2009 by Martin Boughtwood - an engineer and inventor with over 40 years’ experience in clean energy. He was previously the owner and managing director of PML Flightlink Ltd, which developed the Hi-Pa in-wheel electric motor drive. Mr Boughtwood founded DG Innovate with a vision of delivering sustainable and environmentally considerate improvements to electric mobility and storage, using abundant materials and the best engineering and scientific practices.

Specifically, DG Innovate has sought to address the major problems facing both electric mobility and energy storage. For the former, the key barrier to market penetration to date has been the effective real-world range of electric vehicles. DG Innovate has therefore focused on developing electric drive systems which aim to deliver improved range over existing technology, based on the same battery capacity, by reducing losses and improving efficiency.

In its energy storage development, which commenced in 2013, DG Innovate has focused on developing anode active materials as a key enabling technology for sodium-ion batteries.



DG Innovate has developed a significant intellectual property portfolio since its foundation, including a

novel electric motor and corresponding architecture and a suite of energy storage materials (including sodium-ion cells and supercapacitors). It has been granted 11 patents during this time, with a further seven pending and a number of drafts under consideration.

Since being founded, DG Innovate has achieved a number of technical milestones, with early results proving the viability of its electric motor concept in 2012, a lab demo of the motor in 2015, first proof of concept with the delivery of new supercapacitors to the UK Government in 2017 and the first successful lab demonstration of a hub motor in 2020. With the grant support from Innovate UK DG Innovate completed installation of a pilot scale pouch cell production line for its advanced Sodium-ion batteries in early 2021, which will allow the manufacture of large format cells in commercially relevant packaging. Alongside numerous development projects DG Innovate is also currently working towards delivery and integration of electric drive systems to the UK Government with a view to testing and (on declaration of commerciality) retrofitting some of the UK Government's existing fleet of all-wheel drive vehicles.

To date DG Innovate has been funded by a mixture of equity from private funders, debt, grants and research funding from the UK Government, the Welsh Development Agency and through highly competitive grant awards under the Innovate UK Faraday Challenge. DG Innovate has been awarded grant funding of c.£800,000 from the Welsh Government, and c.£2.3 million (with c.£600,000 outstanding) from Innovate UK. The UK Government has provided £10 million through two contracts signed in 2013 and 2014 along with other contracts to the value of £2 million. Equity funding has totalled c.£2 million to date, with funding rounds conducted in 2011, 2012 and 2019. Loans totalling £850,000 have also been extended by two shareholders (£500,000) and through the Coronavirus Business Interruption Loan Scheme (CBILS, £350,000).

On signing of the conditional sale and purchase agreement Path provided a secured loan facility to DG Innovate of £600,000 and DG Innovate drew an initial £300,000. On 22 September 2021, DG Innovate drew down the remaining £300,000 outstanding under the facility. On 1 February 2022 the facility under the Loan Agreement was amended to include the Further Advance of £450,000, which may be drawn down by DG Innovate in three monthly tranches of up to £150,000. As at the Last Practicable Date DG Innovate had drawn down £300,000 under the Further Advance leaving £150,000 available under the facility.

Under the proposed transaction the holding company, DG Innovate Ltd, and underlying subsidiaries will each become wholly-owned subsidiaries of Path.

### **3. DG Innovate's Key Products**

DG Innovate has developed a range of novel electric motors, generators and advanced control systems, as well as materials for supercapacitor and battery systems. DG Innovate's current focus is on its EDT where its products are nearing field trials and commercial deployment and EBT which has reached pilot production.

#### **Enhanced Drive Technology**

An electric vehicle is powered by an electric powertrain. The powertrain is comprised of several components including the battery, a motor, power electronics and software. This system converts electrical energy from the battery to mechanical energy, which is delivered to the wheels.

EDT is a platform technology based on novel motor and power electronics architecture proprietary to DG Innovate. EDT's principal technology differentiators aim to reduce copper losses and improve reliability. These aims are achieved by way of one or more of the following methods; novel shortening of the length of copper coil wire in the motor through the use of substantially cylindrical coil forms in conjunction with substantially rectangular asymmetric magnetic interfaces, changing or duplicating the location of permanent magnets, elimination of the need for permanent magnets by novel magnetic circuit design and sub-dividing the motor, inverter and battery structure. These enable EDT to run at lower voltages, with lower heat loss and better cooling. As a consequence of these features, EDT is targeted to deliver significant advantages for electric vehicles in terms of motor performance, reliability, cost and safety compared to existing solutions. EDT has very low thermal constraints, enabling continuous operation at maximum power, while the high motor efficiency across a large part of the speed/load range removes the need for gears in many cases.

Consequently, a key benefit of DG Innovate's EDT is increased energy efficiency in an electric vehicle. A recent project comparing EDT with an existing passenger electric vehicle indicates range improvements from the same battery pack.

Furthermore, DG Innovate's EDT is agnostic to vehicle mounting location and can be used in wheel-hub drives, axle drives, or mounted centrally. However, additional benefits can be realised in a wheel-hub drive

system, including the removal of the need for conventional braking systems, dynamic torque vectoring, traction control and active suspension. The prospect of the removal of transmission (and potentially conventional braking systems, depending on mounting location) could significantly reduce costs for OEMs/ Tier 1 suppliers.

### **Enhanced Battery Technology**

DG Innovate's EBT is a recyclable battery cell utilising abundant sodium-ion and offering similar energy density to incumbent technologies delivered at a lower cost and with less environmental impact. DG Innovate is working on improving energy density in the electrode through continued refinement of their proprietary methods.

DG Innovate's core anode technology is based on its underlying materials development work. DG Innovate is working on processing an abundant source of biowaste, which currently goes to landfill, and has *negative* equivalent CO<sub>2</sub> emissions, through what DG Innovate believes is a novel low energy processing methodology to synthesise a material for electrodes which provides superior performance to currently available materials. This provides for advances in high-energy density capacitors and high capacity sodium cells.

These advances are also being incorporated into hybrid energy storage systems (HESS) aimed at combining the attributes of higher power and energy density along with improved cyclability over current battery technology.

DG Innovate's thesis is that sodium-ion represents a cleaner and cheaper solution to existing lithium-ion and lead acid cells, given the global abundance of sodium, its lack of toxicity and sustainable extraction techniques. In addition, the removal of additional rare earth metals such as cobalt (used in lithium-ion cathodes) from the battery further adds to EBT's green credentials. It removes the potentially environmentally unsound extraction and processing techniques associated with both lithium and cobalt from the supply chain. It also removes the large carbon footprint associated with processing the lithium-ion anode graphite, which is derived by burning petroleum pitch, itself a by-product of processing fossil fuels.

Sodium-ion is broadly regarded as more suitable for stationary energy storage, including solar and wind energy capture, given the increased weight of sodium over lithium. DG Innovate has identified significant opportunity in this market, where its technology can offer cost, safety and environmental benefits over lithium. However, sodium-ion cells have exceeded the storage density of lead acid batteries by a factor of four times and have achieved the equivalent of lithium ion phosphate battery performance of 140Whr/kg, opening up the potential for displacement of lithium-ion in electric vehicles where lithium-ion currently has almost 100% market share.

DG Innovate is also developing high-capacity advanced composite materials which it believes can take sodium-ion beyond 200Wh/kg to compete with NMC and NCA based lithium-ion cells.

## **4. EDT Product Development and Current Projects**

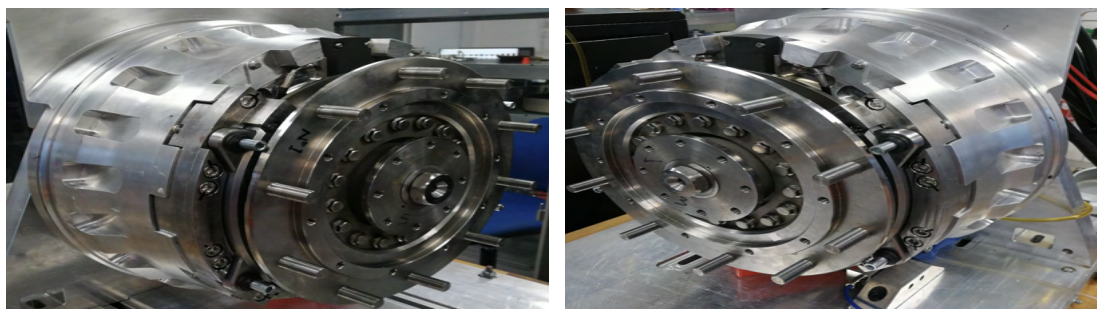
### **Progress to date**

The Directors believe that the EDT power electronics deliver class-leading continuous power density (>60kW/L).

In addition, it is Management's belief that there are improvements over other technologies. These are achieved through various patent-pending concepts developed by DG Innovate and include:

- a reconfiguration of the magnetic layout of the motor, which enables the delivery of high torque and reduces the manufacturing cost of the motor;
- a material reduction in copper wire mass utilised which improves the efficiency of EDT and reduces the manufacturing cost; and
- the adoption of a multiple parallel system architecture which improves efficiency, increases reliability and enables operation at lower voltages.

## Current C3 Motor Build for the UK Government



Source: DG Innovate

The multi motor high redundancy architecture provides for high levels of reliability (equivalent to that required of the aeronautics industry) whilst allowing the prospect of operation at voltages as low as 50V, compared to 400-800V in current electric vehicles.

In addition, the multiple parallel system architecture incorporated into EDT provides higher reliability, allowing for DG Innovate's motors to be used as primary brakes (in a wheel-hub drive). This has the potential for significant overall cost savings for electric vehicle manufacture. This also makes EDT suitable for use in sectors such as aeronautics, where redundancy is a key consideration.

Current focus is primarily on the commercial and defence automotive sectors, where DG Innovate has already received a product order and other pre-order enquiries. DG Innovate is currently working with the UK Government and a Tier 1 supplier to the commercial vehicle industry. Internal testing is at an advanced stage, with external client testing expected during 2022. The most advanced projects currently are summarised below:

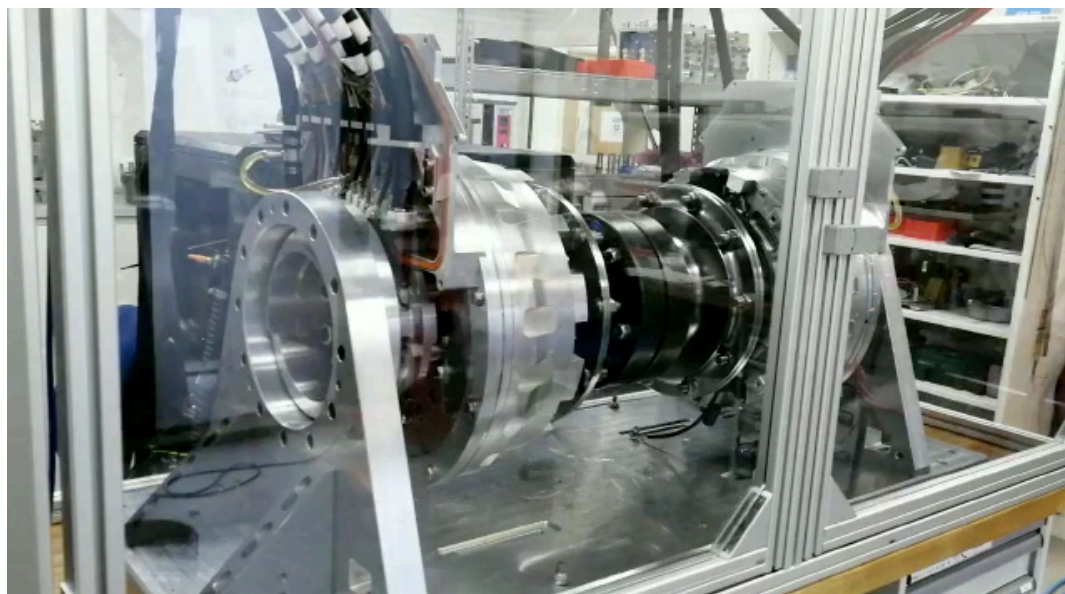
### Current Projects

- ***Ongoing contract with the UK Government***

DG Innovate has developed an electric hub motor, inverter and vehicle controller for potential use in the UK Government's fleet of all-wheel drive vehicles. Internal testing has been completed. DG Innovate is working with the UK Government's engineers to integrate the units ahead of testing, which in turn is expected to commence during 2022.

Upon successful completion of field trials DG Innovate is anticipating follow-on prospects of new vehicle drivetrain orders and potentially retrofitting existing all-wheel drive vehicles.

### UK Government C3 motors and inverters on test



Source: DG Innovate

- **Tier 1 supplier to commercial vehicle OEM JV**

Discussions are underway with a global Tier 1 supplier to commercial vehicle OEMs which manufactures powertrain components, with the aim of incorporating the system in its future electric drivetrain solution.

- **Marine Drive**

Discussions are underway with large scale marine drive projects to enable significant reduction in emissions and energy consumption.

### Applications

EDT is suitable for application across a number of sectors, including Automotive, Aerospace, Marine, and Wind Turbines. The system offers a varied range of potential improvements over incumbent solutions in each distinct sector. These are summarised below.

Sector / sub-sector	EDT Attributes	Benefits
<b>Automotive (Light Duty)</b> Passenger cars Pickup trucks Delivery vans Recreational vehicles	Highly efficient across large speed/torque range In-built multi-redundancy Flexible drive system architecture Can operate at low voltage Modular design less copper Mosfet inverter possible Low EMI	Increased range (or smaller battery) Ideal for wheel-hub drive High reliability (gives the prospect of no conventional brakes) In-Wheel, Axle Drives, Centralised Motor, etc Safer Lower cost components (automated assembly) Reduced need for EMI shielding
<b>Automotive (Heavy Duty)</b> Heavy duty trucks Buses Off-highway vehicles	Highly efficient across large speed/torque range High torque capability at low speed High continuous torque capability In-built multi-redundancy Flexible drive system architecture Can operate at low voltage Modular design Less copper Mosfet inverter possible Low EMI	Increased range (or smaller battery / more load space) Ideal for wheel hub drive Good thermal performance on sustained gradients with full load High reliability (gives the prospect of no conventional brakes) In-Wheel, Axle Drives, Centralised Motor, etc Safer Lower cost components (automated assembly) Reduced need for EMI shielding
<b>Aerospace</b> Aeroplanes Helicopters Electric taxiing	Class leading power/weight ratio Highly efficient motors & inverters High continuous torque capability In-built multi-redundancy Direct drive capability Can operate at low voltage Modular design Less copper Mosfet inverter possible Low EMI	Compact drives Increased flying range for given battery size Sustained full power for take-off/ascent/long haul High safety/reliability drive maintained if sub-components fail High torque, in-hub drive possible for Electric Taxiing  Reduced need for EMI shielding

<b>Sector / sub-sector</b>	<b>EDT Attributes</b>	<b>Benefits</b>
<b>Marine</b> Ships Submarines	Highly efficient motors & inverters High continuous torque capability In-built multi-redundancy Highly efficient across large speed/ torque range Vessels can operate at lower voltage Modular design Less copper	Greater ocean range (or smaller battery) High reliability, sustained operation High safety/reliability, drive maintained if sub-components fail No gearbox necessary, more compact Lower cost components (automated assembly)
<b>Wind Turbines</b> Onshore Offshore	Highly efficient generator Highly efficient across large speed range In-built multi-redundancy	More wind energy recovered No gearbox necessary - removes big failure risk High reliability, generation maintained if sub-components fail
<b>Industrial</b>	High torque at very low speed High continuous torque capability In-built multi-redundancy Flexible modular drive architecture	Ideally suited to applications where high loads need to be moved at slow speed (e.g. cranes, conveyors, bridges, etc) Compact heavy duty drive systems Ideal for sustained high load applications High safety/reliability, traction maintained if sub-components fail Configurable to specific geometric space/shape envelopes

### Current Technology Status

The Directors believe that the Technology Readiness and Manufacturing Readiness of DG Innovate's technology is as follows:

UK Government Motor	TRL 5 / 6
	MRL 2
EV Motor	TRL3 /4
	MRL 2
Aerospace	TRL 3
	MRL 2
Large Marine	TRL 3
	MRL 2
Wind Turbine	TRL 3
	MRL 2
Industrial Drives	TRL 3 / 4
	MRL 2

### 5. EBT Product Development and Current Projects

DG Innovate has been developing EBT since it was awarded a £230,000 grant from the Welsh Government in 2013, with Innovate UK providing significant additional grant capital in the intervening period.

DG Innovate's rationale for the development of EBT is that the substantially lower equivalent CO<sub>2</sub> emissions in the synthesis process and supply chain for sodium-ion batteries will command premium price, which together with a lower synthesis cost than rival materials allows significant opportunity for substantial profit once a commercial product is developed.



The projected performance and benefits of EBT are outlined in the table below.

<b>Battery</b>	<b>EBT (Sodium)</b>	<b>Lithium</b>	<b>Lead</b>
<b>Abundance</b> (parts -per-million)	23,600 Na	20 Li	14 Pb
<b>Distribution</b>	Global	75% Bolivia	China, Russia, Australia, U.S
<b>Cell Cost (\$/kWh - normalised to Lithium-ion)</b>	0.7	1	1
<b>Fresh Water Use</b>	N/A	500,000 gal/t	50,000 gal/t
<b>Rare Earths</b>	None	Cobalt	None
<b>Energy Density</b>	120 - 200 Whr/kg	121 - 200 Whr/kg	30 - 40 Whr/kg

Since 2013, DG Innovate has developed anode materials with equivalent performance to the market leading sodium-ion anode. The performance of DG Innovate's anode enables cell-level storage density beyond that of lead acid batteries, and equivalent to lithium-ion phosphate cell performance. This has been achieved via extensive R&D (both in-house and in partnership), which has delivered a number of technical advances. These include:

- Development of a high energy density, anode material alongside the University of Southampton; and
- Collaboration with National Physical Laboratory to develop in-operando Raman and X-ray diffraction spectroscopy capabilities, which allow a clearer understanding of the chemical processes occurring in DG Innovate's electrodes as they are cycled.

DG Innovate continues to seek to increase the performance of its cells through its ongoing materials research, and completed building of a pilot scale production line in 2021. The line was partially funded by Innovate UK. This will allow the manufacture of large format cells in commercially relevant packaging to showcase DG Innovate's materials to wider stakeholders. It is expected that this line will be producing cells suitable for external testing during 2022.

DG Innovate has identified and approached a number of potential customers as well as the UK Government, with a view to testing of EBT.

### **Applications**

Sodium-ion is broadly regarded as highly suitable for stationary energy storage, including for solar and wind power generation, given the perceived increased weight of sodium over lithium. DG Innovate has identified significant opportunity in this market, where the technology can offer cost, safety and environmental benefits over lithium.

However, EBT sodium-ion cells exceed the storage density of lead acid batteries and have achieved the equivalent of lithium ion phosphate batteries performance of 140Whr/kg. At cell level EBT has demonstrated 130% of the capacity of the battery used in the first release of the BMW i3. This performance could potentially also open up the EV market, where lithium currently has almost 100% market share.

### **6. Other products and technology**

DG Innovate has developed a number of other products across the electric motor, energy storage and other sectors during the past ten years, both in house and via numerous partnerships. These include novel supercapacitors, polymer film capacitors, an advanced stabilised ring drive for defence applications, suspension systems and vacuum system enhancements. While DG Innovate's focus is currently on the commercialisation of its EDT and EBT offerings, its wider portfolio of technologies could also be monetised in the medium to longer term.

DG Innovate's has over the last 10 years entered into a number of joint R&D partnerships with leading European academic institutions including projects in relation to the following:

- Development of advanced polymer dielectric materials for DG Innovate's film capacitors, alongside Queen Mary University of London
- Development of novel electrolytes for DG Innovate's supercapacitor electrode materials in partnership with London South Bank University. These could allow the removal of toxic and flammable incumbent acetonitrile-based electrolytes, and allow increases in operating voltage and energy density.

- DG Innovate has worked with the University of Cambridge for several years on commercially exploiting ground-breaking functional oxide thin films. These promise to enable the next generation of electronic components, facilitating progression towards an all-electric future.
- QinetiQ leads the development of manufacturing processes towards manufacture of large 10kF supercapacitor pouch cells using DG Innovate's supercapacitor material, synthesised under a secret recipe.

## 7. Collaborators and Suppliers

### EDT

DG Innovate has a long-standing working relationship with the UK Government and is also collaborating with a global Tier 1 supplier to the commercial vehicle market.

### EBT

DG Innovate is in collaboration or commercial contact with several companies throughout the supply chain with the view towards volume commercialisation in the medium term.

## 8. Growth Strategy and Core Objectives for the Enlarged Group

While DG Innovate has to date raised approximately £18.6 million through UK government contracts, equity and debt capital, and grant income, DG Innovate's activities have been hampered by the staggered nature and often uncertain timing of funding of this manner. Furthermore, the global COVID-19 pandemic has also slowed commercial progress and projected timescales to product revenue. The stronger net cash position of the Enlarged Group is expected to provide sufficient working capital to undertake DG Innovate's planned development work and cover overheads and required capital expenditures, through to revenue generation.

The Directors believe that the introduction of a broader management team for the Enlarged Group should increase DG Innovate's ability to capture market share. In addition, the management structure of the Enlarged Group should allow Mr Boughtwood, in his new role as CTO, to focus primarily on product development, as the commercial progress of DG Innovate to date has largely been made on his efforts. The Enlarged Group will also seek to expand its personnel in particular to focus on commercial roles in 2022. The expanded management and commercial teams are anticipated to increase overheads by approximately £300,000 – £600,000 per annum.

The near-term strategy for the EDT and EBT technologies is to progress DG Innovate's existing technologies to commercial sales. In order to support this, the Enlarged Group will expand the current research and development team during 2022 and this is anticipated to increase overheads by approximately £200,000 per annum.

With regard to the development of EDT, the near term objectives are:

- to conclude the current discussions with regard to a joint venture with a Tier 1 supplier to the commercial vehicle industry for incorporation of EDT into a future electric drivetrain solution during 2022-2023;
- to complete the current Innovate UK grant funded project (which is being developed in conjunction with a Tier 1 supplier to the commercial vehicle industry) during 2022; and
- to complete the integration and testing of EDT systems on UK Government vehicles by the end of 2022.

The above development schedule for EDT is expected to cost in the region of £300,000.

With regard to EBT, the short term work programme is to:

- complete the internal testing and the manufacture of cells suitable for external testing by the end of 2022; and
- to complete external comparison test work of EBT anode material cell level performance during 2022.

The above development schedule for EBT is expected to cost in the region of £250,000.

The Enlarged Group intends to develop applications for EDT outside of the current automotive solutions. DG Innovate is currently developing a marine drive application and aims to enter into a framework agreement with a marine system developer by the end of 2022. This would lead to the development of a zero emission marine drive over the medium term.

DG Innovate's existing R&D facilities are now close to capacity, following the building of the EBT pilot assembly production line. The Directors therefore intend to lease an additional facility in mid-2022 ahead of

the expected manufacturing requirement, which is likely to commence 2023. This is anticipated to increase overheads by approximately £50,000 per annum.

### **Longer term objectives**

The Directors believe that successful conversion of existing relationships into commercial sales will significantly de-risk and highlight the cost and performance benefits of DG Innovate's products to a wider audience, allowing for further scale-up of revenues in the longer term, against the forecast backdrop of significant growth in its target markets (as referenced in Part IV of this document).

Ultimately, in the longer term, the Company plans to evolve from a singular R&D business into a Tier 2 supplier and/or technology licensor to the electric mobility and energy storage industries. Management believes that its differentiated technologies can deliver revenue from a broad spectrum of customers via a mixture of product sales, joint ventures and licensing/royalties, while it continues to improve its products through ongoing R&D.

In-house manufacturing and direct product sales are expected to form the basis of any future commercial agreements with UK Government and potentially Tier 1 manufacturers in the longer term. While this model is likely to offer the highest opportunity for margin capture, it also requires significant up-front capital expenditure which would be in addition to the additional facility outlined above.

DG Innovate expects its longer term revenue model to include licensing (whereby a customer would pay an upfront fee for transfer of IP) and royalty agreements (either based on sales or savings). The Company could also pursue joint ventures, allowing a sharing of margins while keeping large-scale manufacturing costs at arm's length.

### **9. Key Strengths of DG Innovate**

The Directors believe that DG Innovate benefits from the following competitive strengths which will allow the Enlarged Group to develop its strategy:

- an innovative technology & IP portfolio which has enabled the development of the current EDT and EBT technology and will be the basis for the longer term further development of products for the Enlarged Group;
- developed relationship with key long term strategic partners, including a strong relationship with UK Government;
- a high calibre technical staff which enables the furtherance of the existing products and projects and will enable further research and development;
- a development time lead on competitive technologies offering the Enlarged Group and opportunity to capitalise on market opportunities before there are other technologies on the market;
- a focus on addressing current market shortcomings with regards to cost, efficiencies and sustainability;
- an ability to address the requirements of multiple end users; and
- an advance portfolio of development projects offering a credible pathway to commercialisation of the products.

### **10. Competition**

The global EV electric motor market is split between multinationals such as Siemens, Nidec and BorgWarner, small specialist companies including Yasa (which was recently acquired by Mercedes), and EV OEMs which design and manufacturer their own components in-house, including Tesla and BYD.

In the EBT arena, there are companies already involved in the manufacture of sodium-ion anodes such as Kuraray Chemical Co. Ltd, Kureha Battery Materials Japan Co. Ltd, Stora Enso and Faradion.

### **11. Intellectual Property**

DG Innovate has sought to secure IP protection for its technology and is seeking patents typically across seven major markets: UK/Europe, North America, China, Russia, India, Japan and Brazil. To date the Company has been granted 11 patents, with a further seven pending and a number of drafts under consideration. It has non-disclosure agreements (NDA) in place with all external parties, with staff also under NDA and non-compete clauses. In addition, the Company has patent insurance to provide further protection.

## Patent Summary

Patent	Patents Granted	Patents Pending	Total
Electrostatic Motor	1	-	1
Commutator	1	-	1
Controller	1	-	1
Torsion Device	5	-	5
Vacuum Cleaner	2	-	2
Energy Storage Apparatus	1	-	1
Suspension System / Dual-wheel Module	-	2	2
Motor & Drive Arrangement	-	3	3
Low Reluctance Motor / Generator	-	1	1
Electric Motor System	-	1	1
<b>Total</b>	<b>11</b>	<b>7</b>	<b>18</b>

A schedule of the company's granted and pending patents can be found in Part III of this document, while the IP Report in Part VI provides detail on the standing of the current patent portfolio.

### 12. DG Innovate Board and Senior Management

The board of DG Innovate consists of:

#### **Martin Boughtwood**

*Founder and Managing Director*

Further details on Martin Boughtwood are set out in paragraph 1 of Part V of this document.

#### **Trevor Gabriel**

*Non-Executive Director*

Further details on Mr Gabriel are set out in paragraph 1 of Part V of this document.

#### **Xin (Lucy) Liu**

*Head of Finance and Company Secretary*

Ms Liu joined DG Innovate in 2012 and is a chartered accountant (FCCA). She also has a background in electronics engineering and studied an MSc in digital communications (awarded a distinction). Additionally, Ms Liu has carried out research projects in telecommunications, and gained an MPhil in the process, prior to pursuing a career in finance.

#### **Roger Gabriel**

*Non-Executive Director*

Having been on the board of Deregallera since 2011 Roger Gabriel advises the business on all strategic decisions with an emphasis on marketing, sales and growth. Roger Gabriel is an investor and advisor to several businesses in a range of industries including marketing, construction, property development, health and fitness, and retail.

On completion of the Acquisition, Roger Gabriel will resign from the board of DG Innovate.

The senior management of DG Innovate consists of:

#### **Anthony Atwell**

*Mechanical Team Leader*

Mr Atwell joined Deregallera in March 2020 and brings over 35 years-experience in the design and development of high reliability industrial, aerospace and medical products, many of which have safety critical functionality.

## **Romuaid Skoczylas**

### *Head of Software & Electronics Engineering*

Mr Skoczylas completed his Bachelor degree in Electronics in 2003. Since then, he has gained experience working with: prototyping medical devices (physiotherapy), assembly/test of high-power high frequency amplifiers and rail system control cards, design of national infrastructure protection systems and autonomous underwater vehicles. He has three years' offshore Oil and Gas experience with inspection of underwater structures, diver support using ROVs and over two years with DG Innovate working on battery energy storage systems, motor drives and high-voltage power systems.

## **Dr Peter Curran**

### *Head of Materials Research*

Dr Curran's experience includes leading diverse multi-disciplinary teams in industry (MBDA Missile Systems) and in academia (University of Bath) over 15 years. He currently heads DG Innovate's Faraday Battery Challenge projects developing advanced sodium-ion battery anode materials and a battery 1st life extending Hybrid Energy Storage System. Dr Curran is also supervising the Knowledge Transfer Partnership with Queen Mary University of London, developing advanced polymer dielectric materials.

## **13. DG Innovate's Operations**

DG Innovate is based out of its leased three storey 6,000 square foot research and development facility in Caerphilly, Wales which houses a clean room, dedicated high voltage test safe area, prototype construction and battery pack assembly facility.

DG Innovate employs 18 staff, including five PhDs, who are based at the research and development facility. The development staff are a mixture of electronics, software and mechanical engineers, plus materials scientists, and is split into two teams: Electric Motor Drive Systems Team and Energy Storage Team.

The Energy Storage Team has historically focused on materials discovery and is currently developing DG Innovate's EBT technology.

DG Innovate also has historically made use of high capacity computer processing and modelling capability at HPC Wales, one of the UK's high-performance computing centres, which enabled the DG Innovate to compete globally for atomic scale simulation research and innovation using these state-of-the-art computing facilities to solve complex scientific problems.

DG Innovate owns an extensive array of scientific hardware, including:

- **Picosun R200 Atomic Layer Deposition (ALD) Reactor** - Deposits sub-nanometer layers in a controlled manner, conformally over 200 mm diameter wafers.
- **Probe Station with Vibration Table, HP 4294a Impedance Analyser, and 2601b Keithley Source-Measure Unit (SMU)** - Measures the dielectric and IV response of materials.
- **M2000v Woollam Rotating Compensator Ellipsometer with automated mapping table** - Measures nanometric thin films accurately. Can also be used in-situ with the ALD reactor to measure growth of thin films during the depositing process.
- **M307 Moorfield Thermal Evaporator** - Deposits metal electrodes on samples.
- **Phenom Prox Scanning Electron Microscope (SEM)** - Sub 10nm resolution and fully integrated energy dispersive X-ray spectroscopy for elemental analysis. An optical magnification range 80 – 130,000 is capable from the built in digital camera. Is also capable of imaging of non-conductive samples.
- **Rigaku Miniflex Benchtop X-Ray Diffractometer (XRD)** - Performs phase ID, against the Crystallography Open Database (COD), and quantitative analysis of the relative abundance of crystalline compounds in powder mixtures. Other features include advanced Rietveld analysis, can also work with polycrystalline or textured powder samples temperature ranges from room temperature to 400°C.

DG Innovate completed building of a pilot scale pouch cell production line for its advanced Sodium-ion batteries in 2021.

The Enlarged Group intends to lease a second facility during the course of 2022 - 2023, which will provide additional space for its manufacturing and integration work.

#### 14. **DG Innovate Group structure**

The DG Innovate Group's corporate structure is currently made up of a holding company (DG Innovate Ltd) with three wholly-owned subsidiaries (each incorporated in England & Wales): Deregallera Ltd, Leading Technology Developments Ltd and Deregallera Technology Ltd. Each of these has the same board composition as the holding company.

DG Innovate Ltd is the holding company and is 100 per cent owner of each of its subsidiaries. DGI Innovate Ltd receives investment and owns all intellectual property. DG Innovate Ltd funds Deregallera Ltd to conduct R&D for the purpose of growing the DGI intellectual property portfolio.

Deregallera Ltd is the main R&D entity that employs most of the staff, collaborates with numerous universities and creates intellectual property.

Leading Technology Developments Ltd is the commercial interface to customers and the entity that contracts with UK Government.

Deregallera Technology Ltd is dormant.

## PART IV. MARKETS OVERVIEW

### Electric vehicle components market overview

An electric powertrain powers the electric vehicle and removes the need for an internal combustion engine. It comprises of components that generate power and delivers it to wheels of an electric vehicle. It is a compact lightweight system that generates instant torque with extremely low vibrations.

The global electric powertrain market may be segmented based on the following component types:

**Motor/Generator:** Converts electrical energy to mechanical energy, that is delivered to the wheels via single ratio transmission. Many EVs use motor generators that can perform regeneration as well.

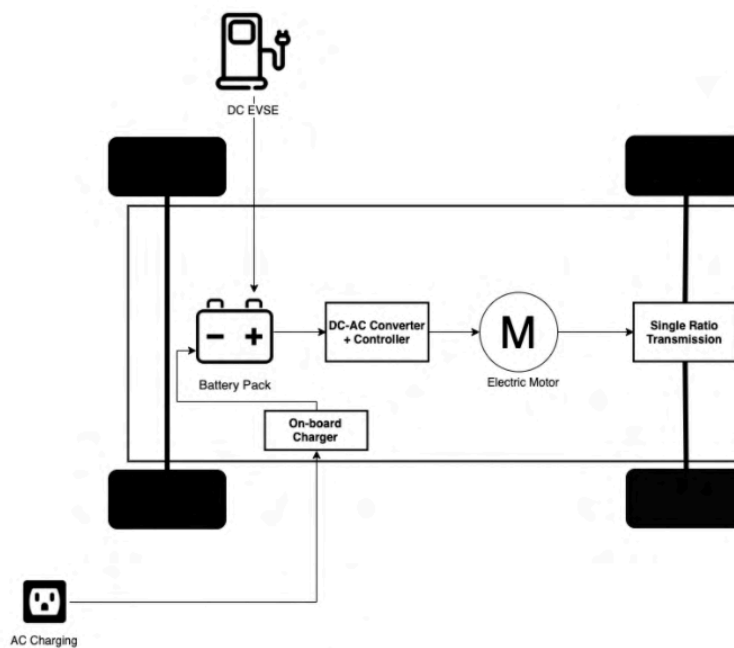
**Battery:** The battery pack is made up of multiple cells (typically Lithium-ion) and stores the energy needed to run the vehicle. Battery packs provide direct current (DC) output.

**Power Electronics:** It controls the frequency and magnitude of the voltage supplied to the electric motor in order to manage the speed and acceleration as per driver's instructions communicated via acceleration/brakes.

**Converter:** The DC supplied by battery pack is converted to lower voltage DC for ancillary functions such as indicators etc.

**Transmission:** The transmission used in the electric vehicle is typically a single speed or single ratio transmission.

**On-Board Charger:** Converts AC received through charge port to DC and controls the amount of current flowing into the battery pack.



Core Components of an EV Powertrain

The market may be further segmented into the following electric vehicle types:

- **BEV:** A battery electric vehicle (BEV) is a vehicle that is powered entirely on electric energy, typically a large electric motor and a large battery pack
- **HEV/PHEV:** A plug-in hybrid electric vehicle (PHEV) is an HEV that can be plugged-in or recharged from wall electricity. PHEVs are distinguished by much larger battery packs when compared to other HEVs.

According to the International Energy Authority in their Global EV Outlook 2021 publication there were 10 million electric cars on the world's roads at the end of 2020, following a decade of rapid growth. Electric car registrations increased by 41% in 2020, despite the pandemic-related worldwide downturn in car sales in

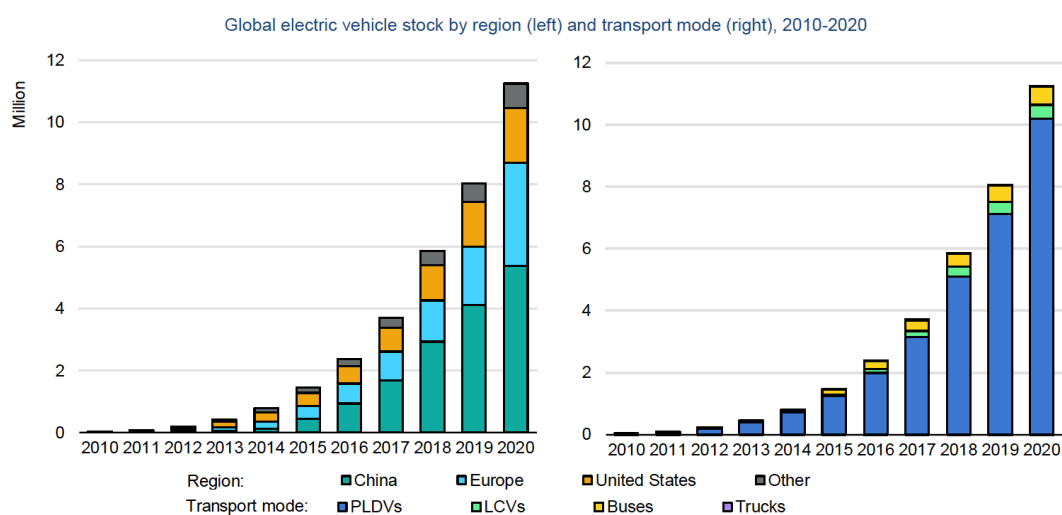
which global car sales dropped 16%. Around 3 million electric cars were sold globally (a 4.6% sales share), and Europe overtook the People's Republic of China as the world's largest electric vehicle (EV) market for the first time. Electric bus and truck registrations also expanded in major markets, reaching global stocks of 600,000 and 31,000 respectively.

The resilience of EV sales in the face of the Covid-19 pandemic rests on three main pillars:

- Supportive regulatory frameworks: even before the pandemic many countries were strengthening key policies such as CO2 emissions standards and zero-emission vehicle (ZEV) mandates. By the end of 2020, more than 20 countries had announced bans on the sales of conventional cars or mandated all new sales to be ZEVs.
- Additional incentives to safeguard EV sales from the economic downturn: some European countries increased their purchase incentives and China delayed the phase-out of its subsidy scheme.
- The number of EV models expanded and battery cost continued to fall.

The near-term outlook for EV sales is bright. In the first-quarter of 2021, global electric car sales rose by around 140% compared to the same period in 2020, driven by sales in China of around 500 000 vehicles and in Europe of around 450 000. US sales more than doubled relative to the first-quarter of 2020, albeit from a much lower base.

### Electric vehicles across all transport modes had steady growth over the last decade



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Notes: PLDVs = passenger light-duty vehicles, LCVs = light-commercial vehicles. Electric vehicles include battery electric and plug-in hybrid electric vehicles. Europe includes EU27, Norway, Iceland, Switzerland and United Kingdom. Other includes Australia, Brazil, Canada, Chile, India, Japan, Korea, Malaysia, Mexico, New Zealand, South Africa and Thailand.

Sources: IEA analysis based on country submissions, complemented by [ACEA \(2021\)](#); [CAAM \(2021\)](#); [EAFO \(2021\)](#); [EV Volumes \(2021\)](#) and [Marklines \(2021\)](#).

In the third quarter of 2021, the European Automobile Manufacturers' Association (ACEA) said that BEV and PHEVs made up just under 19% of all vehicle sales across the European Union. BEV and PHEV sales jumped almost 57% and 43%, to c212,000 and c197,000, respectively. For the same period, petrol and diesel car sales fell 35% and over 50%. Meanwhile, Tesla's Model 3 became the top selling vehicle in Europe in September, marking the first time an electric car had held the top spot.

### Main policy drivers of EV adoption to date

Significant fiscal incentives spurred the initial uptake of electric light-duty vehicles (LDVs) and underpinned the scale up in EV manufacturing and battery industries. The measures – primarily purchase subsidies, and/or vehicle purchase and registration tax rebates – were designed to reduce the price gap with conventional vehicles. Such measures were implemented as early as the 1990s in Norway, in the United States in 2008 and in China in 2014.

Gradual tightening of fuel economy and exhaust system CO2 standards has augmented the role of EVs to meet the standards. Today, over 85% of car sales worldwide are subject to such standards. CO2 emissions standards in the European Union played a significant role in promoting electric car sales, which in 2020 had the largest annual increase to reach 2.1 million. Some jurisdictions are employing mandatory targets for EV sales, for example for decades in California and in China since 2017.



Convenient and affordable publicly accessible chargers will be increasingly important as EVs scale up. To help address this, governments have provided support for EV charging infrastructure through measures such as direct investment to install publicly accessible chargers or incentives for EV owners to install charging points at home. In some places building codes may require new construction or substantial remodels to include charging points, for example in apartment blocks and retail establishments.

Efforts by cities to offer enhanced value for EVs has encouraged sales even outside of urban areas. Such measures include strategic deployment of charging infrastructure and putting in place preferential/prohibited circulation or access schemes, such as low and zero-emission zones or differentiated circulation fees. Such measures have had a major impact on EV sales in Oslo and a number of cities in China.

### Broader and more ambitious policy portfolios to accelerate the transition

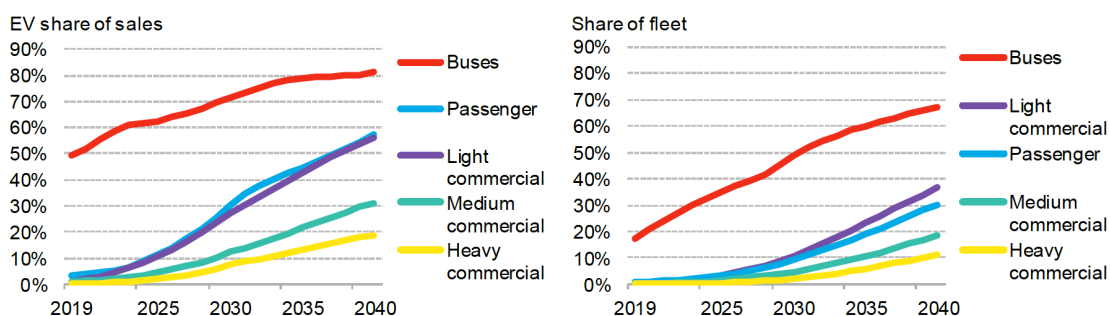
Making the 2020s the decade of transition to EVs requires more ambition and action among both market leaders and followers. In markets that demonstrated significant progress in the 2010s, a primary direction in 2021 and beyond should be to continue to implement and tighten, as well as to broaden, regulatory instruments. Examples include the European Union CO2 emissions regulation for cars and vans, China's New Energy Vehicles (NEV) mandate or California's Zero-Emission Vehicle (ZEV) mandate.

To date, more than 20 countries have announced the full phase-out of internal combustion engine (ICE) car sales over the next 10 - 30 years, including emerging economies such as Cabo Verde, Costa Rica and Sri Lanka. Moreover, more than 120 countries (accounting for around 85% of the global road vehicle fleet, excluding two/three-wheelers) have announced economy-wide net-zero emissions pledges that aim to reach net zero in the coming few decades.

Policy attention and actions need to broaden to other transport modes, in particular commercial vehicles – light-commercial vehicles, medium- and heavy-duty trucks, and buses – as they have an increasing and disproportionate impact on energy use, air pollution and CO2 emissions. Medium- and heavy-duty vehicles represent 5% of all four-wheeled road vehicles in circulation but almost 30% of CO2 emissions. Progress in batteries has led to rapid commercialisation in the past few years of a greater number of models in ever heavier weight segments and with increasing ranges.

By 2040 Bloomberg NEF, in their 2019 Long Term Electric Vehicle Outlook, expect 57% of all passenger vehicles sales and just over 30% of the global passenger vehicle fleet will be electric. They expect price parity between EVs and internal combustion vehicles by the mid-2020s in most segments, though the first segment crosses by 2022 and there is a wide variation between geographies and vehicle segments. Until this is reached, they believe that policy support will be required in most markets.

There are two main inflection points for passenger EV adoption: EV price parity and infrastructure growth slowdown. Bloomberg NEF expect EV adoption acceleration from 2024 onwards before slowing down in the 2030s as charging infrastructure availability holds back the market. Buyers with access to home charging are expected to go electric at a much faster rate than those without. Their model reflects each country hitting these points at different times, leading to a highly varied global auto market.



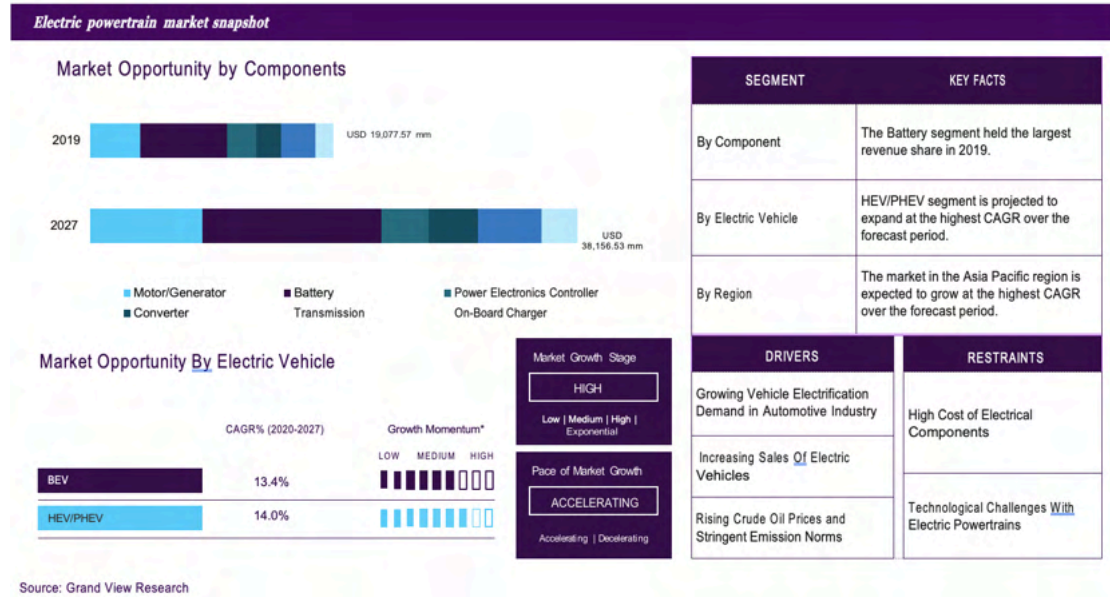
Source: BloombergNEF. Note: Commercial vehicle adoption figures include the main markets of China, Europe and the U.S.

## **Implications of electric mobility**

### The Electric Powertrain Market

The electric powertrain market is segmented into component and electric vehicle type. The component segment includes motor/generator, battery, power electronics controller, converter, transmission, and on-board charger. The electric vehicle segment includes battery electric vehicles (BEV) and hybrid and plugin hybrid electric vehicles (HEV/PHEV).

## Market Snapshot



The motor/generator segment is projected to grow at a significant CAGR of 15.1% over the next 7 years to 2027. The growth of the e-motor is attributed to accelerated penetration of BEVs and PHEVs globally. The BEVs and PHEVs can be equipped with similar e-motor configurations. Moreover, joint ventures between suppliers and OEMs emerging to produce e-motors should significantly leverage the demand for electric powertrains.

Market analysts expect demand for lithium-ion batteries used in EVs to rise from 151GWh in 2018 to 1,748GWh by 2030. Conversely battery pack prices are expected to reach \$87/kWh in 2025 and fall to \$62/kWh in 2030.

High-nickel battery chemistries are expected to take a growing share of the market over the next 10 years. Lithium supply appears sufficient to meet demand until at least the mid-2020s, but new cobalt mining capacity will be required to come online to meet anticipated demand.

Solid-state batteries are still a decade away from use in mass-produced vehicles, but steady advances in the current family of lithium-ion batteries are expected to bring continued improvements in energy density. Fuel cell vehicles play a role in the commercial vehicle segment, but not passenger vehicles. China is expected to lead the trend toward commercial fuel cell vehicles, if the central government changes regulations which currently limits the construction of a hydrogen refuelling infrastructure. The government already provides generous subsidies to automakers selling FCVs. China's Society of Auto Engineers has also set an informal target of 1 million FCVs (all types) on the road by 2030.

### Sodium-Ion batteries

A considerable amount of research has focused on the viability of sodium batteries. The first successful attempt of a sodium battery was undertaken in 1967 by Ford Motor Company (USA) in the sodium-sulfur battery. Sodium-ion batteries ("Na-ion"), when fully developed, should be suitable for applications similar to those where lithium-ion batteries are currently deployed. These include short-range electric vehicles; energy storage systems (ESS) for solar, wind and other alternative energy conversion facilities; power backup in electric utilities; and many other applications where energy density required of the battery is less demanding than that offered by their lithium-ion batteries but substantially higher than the energy densities of the traditional rechargeable batteries Pb-acid, Ni/Cd, and Ni/MH.

- The foremost advantage of Na-ion batteries comes from the natural abundance and lower cost of sodium compared with lithium. The abundance of sodium to lithium in the earth's crust is 23,600 ppm to 20 ppm, and the overall cost of extraction and purification of sodium is less than that of lithium. Moreover, sodium-containing metal oxide and polyanion cathode materials can be fabricated from naturally abundant transition metals such as iron, manganese, vanadium, and titanium, without using

cobalt. This makes Na-ion batteries sustainable and affordable in rich and poor countries alike, at a cost of an estimated 10-20% less than their lithium-ion counterparts.

- Sodium batteries are also more stable and safer than lithium-ion. They have a wider temperature range, are non-flammable, and there is no thermal runaway—which can cause lithium-ion batteries to catch fire—under any condition. Manufacturers can transport Na-ion batteries with the battery terminals directly connected and the voltage held at zero. As the battery remains fully discharged, the risk of fire is significantly reduced and expensive safety mitigation measures are not necessary, reducing the cost of transportation. In contrast, the copper current collectors of most Lithium Ion batteries start to dissolve at zero volts, so manufacturers have to transport Lithium Ion batteries in a partially charged state. The presence of this stored energy creates a safety risk while in transit.

**Selected sustainability considerations for sodium-ion and competing battery technologies.**

	Sodium-ion batteries	Lead-acid	Lithium-ion
<b>Materials</b>	Ubiquitous and abundant	Toxic	Expensive, geographically concentrated and under increasing pressure
<b>Recycling</b>	Limited recycling at present	High recycling rates	Limited recycling at present
<b>Social costs</b>	None	High cost to human health (where regulatory safeguards not followed) <sup>7</sup>	Social and environmental issues in cobalt mining
<b>Safety</b>	Can be shipped and stored in its zero energy state Excellent safety testing results	Risk of explosion due to hydrogen evolution Strongly acidic electrolyte	Must be partially charged when shipped

Source: The Faraday Institution.

Global Market Insights predicts the stationary storage battery market will grow from \$19bn (2019) to \$120bn (2030, 74GWh) at a CAGR of 17.6% (gminsights, Feb 2021). A forecast by the International Renewable Energy Agency exceeds this and predicts 420GWh by 2030 (Energy Storage News Oct 2019).

The Faraday Institution estimates that replacing 25 million diesel and gasoline generators in developing countries with 500GWh of battery could save 100 million tonnes of CO<sub>2</sub> emissions per year (excluding China) (Faraday Institution Insights - Issue 3).

According to Allied Market Research, the global EV market was \$162bn in 2019, and is projected to reach £800bn by 2027 after growing at a 22.6% CAGR. By 2028 the global EV market is predicted to be over \$1 trillion, with 48V Hybrids takpeaking at c\$500 billion around 2030. In the UK, the Faraday Institution predicts 64% and 95% uptake of EV by 2030 and 2040 respectively (Faraday Institution Insights - Issue 1). Global Market Insights forecasts that the global 12V-SLI (starting, lighting and ignition) battery market will be worth \$47Bn in 2025, based on a 3% CAGR.

In terms of the specific market opportunities for EBT, several sodium-ion *cathode* companies are attempting to encroach on the lithium-ion markets with cells that use hard carbon on the anode. The most prevalent incumbent hard carbon anode material is Kuranode, which is produced by Japanese chemicals business Kuraray. These companies are therefore viewed as potential customers if DG Innovate can displace Kuranode from their supply chain.

Faradion (UK) have made announcements of partnerships aimed at penetrating into Australian stationary storage with ICM Australia; Indian long haul lorries with InfraPrime Logistics and AMTE Power for residential energy storage. Altris (Sweden) are partnered with Scania and ABB to develop E-bus technology. Tiamat (France) are developing high powered solutions for Electric Vehicles. No detail on the size of these deals is currently available.

On 31st December 2021 Reliance New Energy Solar Ltd (“RNESSL”), a wholly owned subsidiary of Reliance Industries Ltd (“Reliance”) of India, announced that it had signed definitive agreements to acquire 100% ownership of Faradion Limited (“Faradion”) for an enterprise value of £100 million.

## **PART V. INFORMATION ON THE DIRECTORS AND CORPORATE GOVERNANCE**

### **1. The Existing Directors and Proposed Directors**

Short biographies of the Directors and details of their roles, including the principal activities of the Directors outside of the Group are set out below.

#### **Nicholas Tulloch, Proposed Non-Executive Chairman, aged 49** (date of birth: 9 March 1973)

Mr Tulloch has advised companies on the UK capital markets for over 20 years, working for several well known investment banks and stockbrokers, including Cazenove, Arbuthnot, Cenkos and Cantor Fitzgerald. With a particular focus on oil and gas, Mr Tulloch has worked on several cross-border transactions in many parts of the world. In 2019 he became finance director and then subsequently CEO of Zoetic International plc transforming the company from its oil and gas roots to become the first vertically integrated CBD company to be listed in London. Mr Tulloch began his career as a solicitor with Gouldens and he holds a master's degree in law from Oxford University. Mr Tulloch stood for parliament in 2017.

#### **Christopher Theis, CEO, aged 62** (date of birth: 27 September 1959)

Mr Theis is an experienced investment banker and entrepreneur. He has led number one rated City teams, including Smith New Court and Hoare Govett in the origination, structuring, flotation and placement of secondary market transactions of numerous successful companies. Chris has also founded a number of successful quoted and private businesses. Mr Theis holds an MBA from City University Business School.

#### **John (Jack) Allardyce, Finance Director, aged 39** (date of birth: 11 May 1982)

Mr Allardyce has over 15 years' experience in the energy sector, including 10 years as a leading equity research analyst with a number of UK investment banks. He began his career as a process engineer working on North Sea projects, before joining the leading research and consultancy house Wood Mackenzie, specialising in European upstream and unconventional. Mr Allardyce's skillset spans global asset evaluation, financial forecasting, corporate advisory, M&A and equity capital markets. Mr Allardyce graduated from Heriot-Watt University with a degree in Chemical Engineering.

#### **Martin Boughtwood, Proposed Chief Technical Officer, aged 67** (date of birth: 30 April 1954)

Martin Boughtwood is the Founder and Managing Director of DG Innovate, an advanced research and development company focussing on the material science of energy storage and development of novel electric drive technologies. Martin Boughtwood is an inventor, with over 20 patents filed in the last 5 years. With his background in electronics, mechanical engineering and power management systems, and company leadership roles over 40 years, Martin Boughtwood focuses on the innovation of, sustainable, non-toxic solutions that leverage material property enhancements: improving energy efficiency for a host of applications across a plethora of potential end markets.

Martin Boughtwood is currently a director of DG Innovate. Martin Boughtwood will be appointed to the board conditional on Admission.

#### **Patrick (Pat) Symonds, Proposed Independent Non-Executive Director, aged 68** (date of birth: 11 June 1953)

Dr Symonds has had a 40+ year career in motorsport. He started his career designing championship winning cars for the lower formulae and then joined the fledgling Toleman F1 team working with Ayrton Senna. His subsequent partnerships with Michael Schumacher and Fernando Alonso produced 32 race wins, four Drivers' World Championships and three Constructors' World Championships. During this time he became Technical Director of the Benetton Formula One Team and latterly the Renault Formula One Team. After some years running his engineering consultancy, Neutrino Dynamics, he accepted an offer to become CTO at the Williams F1 team, a position he held until the end of the 2016 season. Dr Symonds is now Chief Technical Officer at F1 (Formula One Management) tasked with setting up a small technical group to assist the FIA in the formulation of future F1 and is involved in the transition of F1 to a low carbon economy. Dr Symonds is also a visiting professor at Cranfield University, a chartered engineer and a Fellow of both the Institution of Mechanical Engineers and the Royal Aeronautical Society.

Dr Symonds will be appointed to the board conditional on Admission.

**Sir Stephen Dalton, Proposed Independent Non-Executive Director, aged 67** (date of birth: 13 April 1954)

Sir Stephen Dalton served for nearly 40 years having joined the Royal Air Force in 1976 after graduating with an honours degree in Aeronautical Engineering from Bath University. Sir Stephen was appointed Head of the Royal Air Force in 2009 and retired from the Royal Air Force in 2013.

He has worked with a number of major international companies advising them on the development of strategy and international engagement. He has also worked with a number of Company Boards helping them to improve their collective performance at Board level.

Sir Stephen Dalton was sworn into office as Lieutenant Governor of Jersey, in March 2017 at the start of his 5-year term of office and was President of The Royal Aeronautical Society for a one year fixed term position. He was appointed a Knight Commander of the Most Honourable Order of the Bath (KCB) in 2009 and advanced to Knight Grand Cross of the Order of the Bath (GCB) in 2012. In 2019, Her Majesty The Queen appointed him as Bath, King of Arms.

Sir Stephen Dalton will be appointed to the board conditional on Admission.

**Andrew Boughtwood, Proposed Non-Executive Director, aged 63** (date of birth: 24 April 1958)

Andrew Boughtwood is an experienced company director. For the last 17 years, he has been Managing Director of Megger Limited and overseas operations in over 30 countries. He is experienced across the electronic/electrical instrumentation field serving customers in communications, power contracting and utilities, industrial automation, power generation/ renewable energy, automotive, military and aerospace. Andrew Boughtwood is a graduate of Swansea University with a bachelor degree in computer technology.

Andrew Boughtwood is the brother of Martin Boughtwood and a shareholder of DG Innovate. Andrew Boughtwood will be appointed to the board conditional on Admission.

**Trevor Gabriel, Proposed Non-Executive Director, aged 74** (date of birth: 13 September 1947)

Mr Gabriel is managing partner of a real estate brokerage in Monaco, having previously been finance director of Camper & Nicholson International, the yacht brokerage firm. He is a chartered accountant and fellow of the ICAEW and spent 12 years with Jardine Matheson in finance and general management roles. He is currently non-executive director of TSX-V listed GlobalBlock Digital Asset Trading Limited and previously was a non-executive director of Kirkland Lake Gold Ltd while it was TSX listed and AIM quoted.

Mr Gabriel is currently a shareholder and director of DG Innovate. Mr Gabriel will be appointed to the board conditional on Admission.

**Nigel Brent Fitzpatrick MBE, Non-Executive Chairman, aged 72** (date of birth: 25 September 1949)

Nigel Fitzpatrick (known as Brent) has over 20 years' experience as a corporate finance consultant and brings with him considerable quoted company experience, with current directorships including Lombard Capital plc, Mountfield Group plc and Vela Technologies plc. He has been instrumental in advising a number of companies on their acquisitions, funding and subsequent flotations. Mr Fitzpatrick was Chairman of Global Marine Energy plc, an AIM traded oil services company. He was also Chairman of Risk Alliance Group Limited and Powerhouse Energy Group plc. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE for services to education.

Mr Fitzpatrick will be resigning from the board on Admission.

## 2. Senior Management

In addition, the Enlarged Group will be supported by the current senior management of DG Innovate as set out in paragraph 12 of Part III who will continue to be employed by the Enlarged Group.

Following Admission, the Directors (which includes members of the Concert Party) will continue to review opportunities to enhance the executive board and management capability of the Enlarged Group through further appointments with relevant industry knowledge and experience. However, at this stage, no firm decisions have been made.

## 3. Corporate Governance

The Directors intend, as far as possible, given the size of the Company, to comply with the UK Corporate Governance Code, but in any case, where appropriate, will follow the Quoted Companies Alliance (QCA),

Corporate Governance Code for small and mid-size quoted companies. The Directors have carefully considered the QCA guidelines which endorse the “comply or explain” approach and which represent the minimum best practice for smaller quoted companies.

- The Board of Directors is split between three executive directors – leadership, finance, operations and technology, three non-executive directors and two independent non-executive directors. The roles of Chairman and Chief Executive Officer are separate.
- As part of the Admission process, the Company has developed and put in place high level financial controls, a budgeting and forecasting system and a management reporting framework. Strategic direction and acquisition activity are overseen by the board.
- Audit and Remuneration committees are already in place and operational. Due to the current size of the Company, there is no requirement for a separate nominations committee. This role is fulfilled by the Board as a whole.
- Review of the Board, committees and individual director performances, KPI's and induction/succession plans will be introduced once the Company has reached operational status.
- The Board has a wealth of experience in the quoted arena and fully understands the importance of shareholder communication along with the need to maintain an open dialogue with investors.
- The Company is committed to being a responsible business and takes a proactive approach to the management of Corporate Social Responsibility (CSR).

#### **4. Board Committees**

##### **Audit committee**

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee shall, with effect from Admission, be chaired by Andrew Boughtwood and its other members are Sir Stephen Dalton and Trevor Gabriel. The audit committee will meet at least twice per annum and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

##### **Remuneration committee**

The remuneration committee is chaired by Nicholas Tulloch and its other members shall, with effect from Admission, be Patrick Symonds and Sir Stephen Dalton. It is anticipated that the committee will meet not less than twice per annum. The remuneration committee has responsibility for recommending, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. The Board as a whole is responsible for approving recommendations made by the remuneration committee. The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in discussions relating to their own remuneration.

#### **5. Share Dealing Code**

The Company has a Share Dealing Code which applies to all PDMRs and their associates, employees and consultants of the Company, and the family members of all such individuals. The Share Dealing Code outlines the laws which prohibit insider trading and the Company's policy on (i) securities trading; (ii) the blackout period and (iii) the compliance programme for officers and directors.

The Share Dealing Code prohibits any Employees or parties retained by the Company (and their family members) from buying or selling Ordinary Shares in the Company when such person has or is aware of material, non-public information relating to the Company.

#### **6. Information Disclosure Policy**

The Company has adopted, with effect from Admission, an information disclosure policy to ensure that the Company complies with its continuous disclosure obligations under UK MAR and the DTRs. The policy sets out the procedures for how the Company will treat material, non-public information, as well as providing Shareholders and the market with timely, direct and equal access to information issued by the Company; and promoting investor confidence in the integrity of the Company and Ordinary Shares.

## 7. **Anti-Bribery and Anti-Corruption Policy**

The Company has adopted, an anti-bribery and anti-corruption policy consistent with the UK Bribery Act. The policy is designed to ensure that the Directors, Executive Officers, Employees and agents understand the requirements of the UK Bribery Act and adhere to the Company's policy to comply with the UK Bribery Act and all anti-bribery legislation wherever the Company conducts its business.

The policy specifically addresses facilitation payments or gifts and hospitality, dealings with public officials, political donations, lobbying and advocacy and charitable donations, and includes provisions dealing with notification, as well as provisions regarding disciplinary action in the event that any part of the anti-bribery and anti-corruption policy has been breached. New and existing staff are required under the policy to be trained and the Company's approach to anti-bribery and anti-corruption must be communicated to its business partners.

## 8. **Directors Lock-In Arrangements**

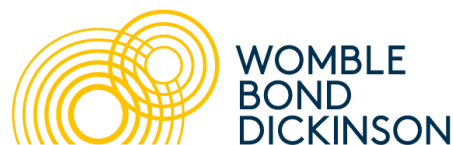
Details of the lock-in and orderly market arrangements entered into in connection with Admission are summarised in paragraph 12.5 of Part XIV of this Document ("Additional Information"). The key terms of the lock-in restrictions are as follows:

- with respect to the Existing Directors: on 12 August 2021, the following Existing Directors: John (Jack) Allardyce, Brent Fitzpatrick and Christopher Theis (**Locked-In Parties**), and the Company entered into a deed of lock-in and standstill which restricts the Locked-In Parties from selling, disposing of and creating any encumbrance over any of the shares they hold in the capital of the Company until the date falling 6 months from completion of the Acquisition (**Lock-In Period**), subject to certain exceptions. The Locked-In Parties have agreed to a further restriction for 6 months from the end of the Lock-In Period not to sell, dispose of or create any encumbrance over their shares in the Company unless through a broker for the maintenance of an orderly market.; and
- with respect to the Proposed Directors: the SPA entered into on 12 August 2021 between the Sellers and the Company imposes lock-in obligations on each of the Sellers (which applies to the Proposed Directors insofar as they are Sellers) that for the period of 6 months following Completion they are prohibited from selling, transferring or otherwise disposing of or creating any encumbrance over any of their Consideration Shares unless permitted to do so by the SPA.



## PART VI. PATENT REPORT ON THE DG INNOVATE GROUP

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### Patent Report

This report is provided by Womble Bond Dickinson (UK) LLP ("**WBD**"), a limited liability partnership registered in England and Wales under number OC317661, whose registered office is 4 More London Riverside, London, SE1 2AU. WBD is authorised and regulated by the Solicitors Regulation Authority (SRA number 449247) which is the independent regulatory body of the Law Society of England and Wales. WBD is not authorised by the Financial Conduct Authority.

We confirm that the author of this report, James Love, is a member of WBD of the above business address. He qualified as a solicitor in England and Wales in 1991 and has practised in the field of intellectual property since then. He has been an associate member of the Chartered Institute of Patent Attorneys since 1996. He has no interest in DG Innovate Limited (the "**Company**"), other than the fees WBD will charge for professional work done.

### Patents and patent applications for which the Company is registered as owner

This report lists patents and patent applications which have been identified as being registered in the name of the Company (or in its previous name) on the basis described in this report.

There are a number of optional application procedures for obtaining patent protection. For example, patent applications filed in one country can be used to support a filing in another country which is made within a 12 month priority period. Patent applications can also be filed on an international basis through the Patent Cooperation Treaty (PCT) system, administered by the World Intellectual Property Organisation (WIPO), with more than 150 member countries (listed at [www.wipo.int/pct/en/pct\\_contracting\\_states.html](http://www.wipo.int/pct/en/pct_contracting_states.html)). A further option is an application through the European Patent Office (EPO), potentially resulting in patent rights in numerous European countries (listed at: [www.epo.org/about-us/foundation/member-states.html](http://www.epo.org/about-us/foundation/member-states.html)). Ultimately, granted patent rights take effect on a territory-by-territory basis.

**Table 1** sets out granted patents on a territory-by-territory basis. Wording from the patent abstract or principal claim is included to give an indication of the patent subject matter.

Where a group of patents exists with the same title and similar subject matter, but in different territories, these are listed consecutively below. They form what is known as a "family" of patents. In the case of patent families, the table only sets out the abstract wording taken from the US version, but it must be noted that the wording and coverage of patents within a family can, and frequently do, differ from territory to territory.

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The filing dates set out in Table 1 are taken as the filing date (or PCT filing date) stated on the front of the published granted patents. In each case, the registered owner of the patent is Deregallera Holdings Ltd, the previous name of the Company.

<b>TABLE 1 – Granted Patents</b>				
<b>Title</b>	<b>Territory</b>	<b>Application number(s)</b>	<b>Patent number</b>	<b>Filing Date</b>
<b>Apparatus For Use As A Motor Or Generator</b>	USA	<b>13/641,494</b>	US 9,148,074 B2	15-Apr-2011
<b>Abstract</b> Apparatus (10) for use as a motor or generator, comprising: a capacitor assembly (20) comprising: a first conductor part (36) defining a first conductor region (38) and a second conductor part (37) defining a second conductor region (39), the first and second conductor parts (36, 37) being spaced apart to define opposed sides of a passageway (40) extending between the first and second conductor regions (38, 39); and an inner part (50) moveable relative to at least one of the conductor parts along the passageway (40) extending between the first and second conductor regions (38, 39).				
<b>Motor or generator apparatus with ionisable fluid-filled gap</b>	USA	<b>14/351,315</b>	US 10,027,205 B2	15-Oct-2012
<b>Abstract</b> Apparatus (10) for use as a motor or generator, comprising: a first part (20) defining a first region (22); a second part (40) moveable relative to the first part (20) and spaced therefrom to form a fluid-filled gap (50), the second part (40) defining a second region (42) separated from the first region (22) by the fluid-filled gap (50) and configured to be electrically connected to the first region (22) during at least one mode of operation; wherein the apparatus (10) is configured to form an electrically conductive path between the first and second regions (22, 42) by generating a region of electrically conductive fluid in the fluid-filled gap (50) between the first and second regions (22, 42).				
<b>Energy storage apparatus</b>	USA	14/413,152	US 9,870,870 B2	05-Jul-2013
<b>Abstract</b> Energy storage apparatus comprising: a porous conductor substrate, an insulator layer in contact with inner surfaces of the porous conductor substrate, and a conductor layer in contact with outer surfaces of the insulator layer.				
<b>Torsion Device</b>	USA	<b>14/770,426</b>	US 9,573,433 B2	06-Mar-2014
	UK	<b>14718138.2</b>	EP 2 971 841 B1	06-Mar-2014
	Germany	14718138.2 (DE file number: 60 2014 021 188.7)	EP 2 971 841 B1	06-Mar-2014
	China	CN201480016022.5	CN105074260B	06-Mar-2014
	Japan	JP2015-562295	JP6280934B2	06-Mar-2014
<b>USA Abstract</b> A torsion device comprising: a first part comprising a first resilient torsion member including: a first support end; a first free end spaced from the first support end; and a first engagement region; a second part comprising a second resilient torsion member including: a second support end; a second free end spaced from the second support end; and a second engagement region; wherein the second part is rotatable relative to the first part about an axis of rotation (A) between a first angular position and a second angular position, and the first and second torsion members are configured to urge the first and second engagement regions together to cause flexure of at least one of the first and second resilient torsion members as the second part rotates relative to the first part from the first angular position to the second angular position.				
<b>Controller</b>	UK	<b>1517346.1</b>	GB2526997 B	27-Mar-2014
<b>Claim 1</b> A vehicle control device operative to control manoeuvring of a vehicle, the vehicle control device comprising a controller for converting a force applied by a user in at least one direction into an output indicative of the force applied, the controller comprising: a support comprising a first part of a capacitor assembly; and a user-engageable part resiliently coupled to the support, the user-engageable part comprising a second part of the				

capacitor assembly, wherein movement of the user-engageable part relative to the support varies an electrical property of the capacitor assembly; wherein: the user-engageable part is substantially immovable relative to the support in the at least one direction; and the first part of the capacitor comprises a first conductor region of the capacitor and the second part of the capacitor comprises a second conductor region of the capacitor, wherein the first and second conductor regions are separated by a resilient dielectric layer providing a resilient coupling between the user-engageable part and the support.				
<b>Vacuum Cleaner</b>	USA	<b>14/899,517</b>	US 10,231,586 B2	24-Jun-2014
	Japan	<b>JP2016-522861</b>	JP6465875B2	24-Jun-2014
<b>USA Abstract</b> A vacuum cleaner comprising: a body defining an air inlet, an air outlet, and a passageway extending therebetween; an electrostatic dust filter for removing dust from air as it passes through the passageway; and an air pump for drawing air into the air inlet and through the passageway to the air outlet; wherein the electrostatic dust filter comprises an electrode arrangement configured to kill microorganisms present in air passing through the passageway by exposing air to a voltage in excess of a threshold voltage.				

**Table 2** lists patent applications identified as having the Company as the recorded owner. These have not yet been granted and so do not confer enforceable rights. Some are recorded in the previous name of the Company, Deregallera Holdings Ltd. There is no certainty as to whether or not the applications in Table 2 will result in granted patents, nor in which territories granted patents might be issued. It is not within the scope of this report to assess the likelihood of the applications resulting in granted patents in particular territories. The filing dates set out in Table 2 are taken as the PCT filing dates and the abstract wording is taken from the published PCT application.

<b>TABLE 2 – Patent applications</b>				
<b>Title</b>	<b>Application type</b>	<b>Application and/or publication number(s)</b>	<b>Filing date</b>	<b>Abstract</b>
<b>Suspension and steering systems for a vehicle</b>	EPO	19749206.9 EP3823849	10-Jul-2019	A vehicle (10) comprising: a vehicle body (12) defining a longitudinal axis "L"; a suspension system (40) mounted to the vehicle body (12) and connected to a drive wheel (32A, 32B) defining a drive wheel axis "A", the suspension system (40) being configured to allow displacement of the drive wheel axis "A" relative to the vehicle body (12) with a component of the displacement occurring in a direction parallel to the longitudinal axis "L" of the vehicle body (12); a sensor (110) for providing an output indicative of a level of displacement provided by the suspension system (40); and a torque control device (120) for automatically varying torque supplied to the drive wheel (32A, 32B) in dependence upon the output of the sensor (110).
	USA	17/260,842	10-Jul-2019	
<b>Motor/generator and motor drive circuit</b>	EPO	20718622.2 EP3954020	7-Apr-2020	Apparatus for use as a motor or generator, comprising: a first part; a second part movable relative to the first part and spaced from the first part by an air gap; and a plurality of spaced electromagnet elements (120) provided on the first part, each electromagnet element being operative to apply a magnetic field in the air gap in response to application of an electric current; wherein each electromagnet element comprises: a pole piece comprising: an outer section (124 A, 124B) defining an elongate air-gap facing surface (125 A) of area A <sub>1</sub> , perimeter P <sub>1</sub> , lateral width W <sub>1</sub> , and longitudinal length L <sub>1</sub> , wherein L <sub>1</sub> is greater than W <sub>1</sub> ; and a coil-winding section of cross-sectional area A <sub>2</sub> , cross-sectional perimeter P <sub>2</sub> , lateral width W <sub>2</sub> ,
	USA	17/601,898	7-Apr-2020	
	China	202080032092.5	7-Apr-2020	

				and longitudinal length $L_2$ ; and an electrically conductive coil (128) wound around the coil-winding section of the pole piece; characterised in that $P_2$ is less than $P_1$ and in that $W_2$ is substantially equal to $L_2$ .
<b>Motor/generator</b>	PCT	PCT/EP2021/052699 WO/2021/156383	4- Feb- 2021	Apparatus (200) for use as a motor or generator, comprising: a first part (210); a second part (230) movable relative to the first part (210) and spaced from the first part (210) by an air gap (260); and a plurality of spaced activatable magnet elements (220) provided on the first part (210), each activatable magnet element (220) being operative when activated by application of an electric current thereto to direct a magnetic field across the air gap (260) towards the second part (230); wherein each activatable magnet element (220) comprises: a pole piece (222) defining an air-gap facing surface (223 A, 223B), the pole piece (222) comprising: a first limb (224 A); a second limb (224B); and a coil-winding section (224C) positioned between the first and second limbs (224A, 224B); a permanent magnet arrangement (225) provided between the first and second limbs 224A, 224B) of the pole piece; and an electrically conductive coil (226) wound around the coil-winding section (224C) of the pole piece, wherein the electrically conductive coil (226) is operative to generate a magnetic flux oriented to oppose the magnetic flux of the permanent magnet arrangement (225); characterised in that the pole piece (222) further comprises a parallel flux path section (224D) extending in parallel to the coil-winding section (224C) operative to allow magnetic flux from the permanent magnet arrangement (225) to flow in parallel to the coil-winding section (224C).
<b>Electric motor system</b>	PCT	PCT/EP2021/055204 WO/2021/180518	2- Mar- 2021	An electric motor system (100), comprising: a motor unit (110) comprising: a first part (120); a second part (130) movable relative to the first part (120); a plurality of spaced activatable motor elements (140) provided on the first part (120), each activatable motor element (140) being operative when activated by application of an electric current thereto for creating relative movement between the first and second parts (120, 130); and a plurality of power electronics drive modules (150), each power electronics drive module (150) being operatively associated with a different subset of the plurality of activatable motor elements (140) and comprising a power converter (155) operative to convert direct current into a periodic current for powering the activatable motor elements (140); and a power supply arrangement (170) comprising: at least one direct current power source (180); and a plurality of n parallel direct current power supply lines (190), each of the parallel direct current power supply lines (190) being operative to transmit direct current from the at least one direct current power sources (180) to a different subset of the plurality of power electronics drive modules (150).

## Limitations to this report

This report was primarily prepared on the basis of searches made on 23 May 2021. A review, limited to checking the status of the listed patents and applications, was made on 4 March 2022. The report may not reflect any changes in status since that date, for example if patents have lapsed and can no longer be renewed due to non-payment of fees. The purpose of the report is to list certain patent rights registered in favour of the Company and to provide a level of verification of that list. The information listed in Tables 1 and 2 has been verified against databases accessed online. In particular, the information concerning UK patents and applications has been verified by reference to the official UK Intellectual Property Office "Ipsium" Online Patent Information and Document Inspection Service, and information concerning US patents and applications has been verified by reference to the official US Patent and Trademark Office Public Patent Application Information Retrieval "Public PAIR" service. Information concerning patent rights in other countries has been checked against the unofficial "PatWorld" database provided by PatWorld Ltd. Reference has also been made to the unofficial translation of the Japan Platform for Patent Information "J-PlatPat" and to the official online WIPO IP Portal "Patentscope". All databases, particularly unofficial databases, are subject to errors and may not be up to date, and the information in this report is likewise subject to any errors contained in the source databases. This report makes no assessment of whether or not any of the patents or applications listed: a) could be subject to a challenge to validity or to correct ownership; or b) will proceed to grant (in the case of applications); or c) are broad enough to cover any particular products or processes; or d) are enforceable; or e) are adequate for the purposes of the Company; or f) are subject to any licences or other third party rights granted by the Company. No attempt has been made to assess the value of any patent or application. Nothing in this report attempts to assess whether the Company has freedom to operate, nor assess whether or not any activities of the Company infringe intellectual property rights owned by a third party; for example, ownership of a patent does not provide a defence to infringement of third party rights. The report only verifies patents and applications that have been identified as being in the name of the Company (including previous names). The report should not be read as excluding the possibility that additional patents or applications exist which are owned by the Company but are not listed in the report. Many of the patents and applications listed are registered in the name of Deregallera Holdings Ltd, a previous name of the Company, in conjunction with addresses for the Company which differ from the current registered office of the Company. No attempt has been made to verify the accuracy of these different addresses nor to establish that they are connected with the Company; sole reliance has been placed on the registrations being listed in the name of Deregallera Holdings Ltd or DG Innovate Ltd. This report only relates to patents and applications for patents; it does not relate to any other forms of intellectual property. Any description of the process for obtaining patent protection which is set out in this report should be read as a simplified summary only and not as a definitive description of how that process operates.

This report has been prepared solely for Path Investments PLC for the purposes of inclusion in the Prospectus. It should not be relied upon by any other person or reproduced or used for any other purpose except as otherwise stated in writing. Womble Bond Dickinson (UK) LLP gives permission for this report to be reproduced in any format or media (including electronic) as part of the content of the Prospectus, and also gives consent to references to its name within the Prospectus.

Yours faithfully

**Womble Bond Dickinson (UK) LLP**

## **PART VII. TAKEOVER CODE DISCLOSURES**

### **1. Principal Activities of the Company**

The Company is an investment vehicle with an enlarged strategic focus to include acquisition opportunities within the energy sector.

### **2. Responsibility for the Purpose of the Takeover Code**

2.1 The Company and the Directors whose names appear on pages 61 to 62 of this Document accept responsibility for the information contained in this Document (including any expressions of opinion). To the best of the knowledge and belief of the Directors (who have each 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 its import.

2.2 The members of the Concert Party accept responsibility for the information contained in paragraphs 5.1 and 7 of this Part VII of this Document (including any expressions of opinion) relating to the Concert Party. To the best of the knowledge and belief of the members of the Concert Party (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document for which they accept responsibility is in accordance with the facts and contains no omission likely to affect its import.

### **3. Material Contracts of the Concert Party**

The members of the Concert Party entered into the SPA, further details of which are set out in paragraph 12.1 of Part XIV of this Document. Michael Depper and Trevor Gabriel are also parties to the Intercreditor Deed which ranks the security for the DGI Shareholder Loans, further details of which are set out in paragraph 12.4 of Part XIV of this Document. Martin Boughtwood has also entered into the Relationship Agreement with the Company, further details of which are set out in paragraph 12.6 of Part XIV of this Document. Rebecca Hainsworth as trustee of The Deregallera Trust (Trust) is a party to the Tax Covenant Letter under which The Deregallera Trust has agreed to pay certain amounts to the Company in respect of tax liabilities, further details of which are set out in paragraph 12.7 of Part XIV of this Document.

There are no other contracts that have been entered into by any member of the Concert Party within the period of two years preceding the announcement of the Company entering into the conditional SPA on 13 August 2021, that are or may be material (not being contracts entered into in the ordinary course of business).

### **4. Independent advice provided to the Board**

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Whitewash Resolution, the issue of the Consideration Shares to the members of the Concert Party, the issue of options to the members of the Concert Party as summarised in paragraph 5.1 of this Part VII and the effect it will have on Shareholders generally. Accordingly, Grant Thornton, as the Company's financial adviser, has provided formal advice to the Existing Directors regarding the transaction. Grant Thornton confirms that it is independent of Path Investments plc and the members of the Concert Party and has no commercial relationship with members of the Concert Party.

### **5. Waiver of Rule 9 of the Takeover Code**

The Takeover Code, which is issued and administered by the Panel, applies to the Company. The Company and its shareholders are afforded certain protections under the Takeover Code.

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

Similarly, if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, a general offer will normally be required.

At Admission, following the issue of the Initial Consideration Shares, the Concert Party will be interested in an aggregate of 4,468,274,325 Ordinary Shares representing approximately 50.5 per cent. of the Enlarged Share Capital.

The members of the Concert Party do not currently hold any Ordinary Shares. The issue of the Initial Consideration Shares would therefore trigger an obligation of the Concert Party to make an offer for the Company in accordance with Rule 9 of the Takeover Code. **The Panel has agreed, however, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the issue of the Initial Consideration Shares, the Deferred Consideration Shares and the exercise of Concert Party Options by any member of the Concert Party, subject to the approval of the Independent Shareholders, all of whom are independent of the Concert Party. Accordingly, Resolution 1 is being proposed at the General Meeting and will be taken on a poll in which only the Independent Shareholders will be allowed to vote.**

On exercise of all 205,226,151 Concert Party Options and, assuming achievement of the Deferred Consideration Targets, the issue of 741,430,481 Deferred Consideration Shares to the Concert Party, the Concert Party would hold in aggregate a maximum of 5,414,930,957 Ordinary Shares, representing 54.5 per cent. of the Partially Enlarged Share Capital (diluted by the new Ordinary Shares issued following exercise of the Concert Party Options and the Deferred Consideration Shares and assuming no other new Ordinary Shares are issued in the meantime). Should the Concert Party holding fall below 50 per cent. prior to the issue of Deferred Consideration Shares and/or the Concert Party Options being exercised, subject to approval of the Rule 9 Waiver, the Concert Party will not be required to make a mandatory general offer as a result of the acquisition of Ordinary Shares pursuant to either the exercise of the Concert Party Options or the issue of the Deferred Consideration Shares.

Shareholders should be aware that Rule 9 of the Takeover Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds shares carrying more than 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then such person will not normally be required to make a mandatory general offer to the other shareholders to acquire their shares. Given that, following the issue of the Initial Consideration Shares, the Concert Party will hold more than 50 per cent. of the voting share capital of the Company, any further acquisitions of the Company's shares by any member of the Concert Party, whether individually or collectively, would normally not trigger any obligation under Rule 9 of the Takeover Code to make a general mandatory offer to Shareholders to acquire the entire issued share capital of the Company. However, notwithstanding the waiver and Rule 9 Waiver resolution, individual members of the Concert Party would not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel.

## 5.1 Information on the Concert Party

The Company and the Panel have agreed that the following shareholders of DG Innovate are presumed to be acting in concert under the Takeover Code:

Concert Party Member	Last Practicable Date		Admission Enlarged Share Capital			Admission Partially Diluted Enlarged Share Capital			
	Interest in Existing Ordinary Shares		Initial Consideration Shares to be issued	Interest in Enlarged Share Capital		Number of Concert Party Options	Entitlement to Deferred Consideration Shares	Interest in the Partially Diluted Enlarged Share Capital <sup>5</sup>	
	No.	%	No.	No.	%	No.	No.	No.	%
Martin Boughtwood <sup>(1)</sup>	-	-	3,026,591,664	3,026,591,664	34.2	156,105,002	502,208,943	3,684,905,609	37.1
Trevor Gabriel <sup>(2)</sup>	-	-	555,561,720	555,561,720	6.3	-	92,185,565	647,747,285	6.5
Michael Depper	-	-	252,528,054	252,528,054	2.9	-	41,902,529	294,430,583	3.0
Graham Weller	-	-	252,528,054	252,528,054	2.9	-	41,902,529	294,430,583	3.0
William Brogden	-	-	126,264,027	126,264,027	1.4	-	20,951,264	147,215,291	1.5
Andrew Boughtwood	-	-	75,758,416	75,758,416	0.9	-	12,570,758	88,329,174	0.9
Ross Hyett <sup>(3)</sup>	-	-	157,830,033	157,830,033	1.8	-	26,189,081	184,019,114	1.9
Rebecca Louise Hainsworth	-	-	6,060,674	6,060,674	0.1	4,947,453	1,005,661	12,013,788	0.1
Xin (Lucy) Liu	-	-	15,151,683	15,151,683	0.2	44,173,696	2,514,151	61,839,530	0.6
<b>TOTAL</b>	-	-	<b>4,468,274,325</b>	<b>4,468,274,325</b>	<b>50.5</b>	<b>205,226,151</b>	<b>741,430,481</b>	<b>5,414,930,957</b>	<b>54.5</b>

(1) Martin Boughtwood's interest in Ordinary Shares includes 3,026,591,664 Ordinary Shares held by Deregallera Trust, a trust in which Denise Boughtwood (a connected person and the spouse of Martin Boughtwood) is the sole beneficiary. Martin Boughtwood's children Rebecca Louise Hainsworth and Lewis Raymond Boughtwood are the trustees of Deregallera Trust and are both connected persons of Martin Boughtwood.

(2) Trevor Gabriel's interest in Ordinary Shares includes 555,561,720 Ordinary Shares held by Disruptech Ltd, a company in which Trevor Gabriel is the sole

<sup>5</sup> Assuming only Concert Party Options are exercised and the Deferred Consideration Shares are issued.

shareholder and a director.

- (3) Ross Hyett's interest in Ordinary Shares includes 157,830,033 Ordinary Shares held by Denton & Co Trustees Limited, a trustee of the pension trust in which Ross Hyett is the sole beneficiary.

## 6. Further Information on Members of the Concert Party

### **Martin Boughtwood**

Martin Boughtwood is the founder of DG Innovate. Mr Boughtwood founded the Company with a vision of delivering sustainable and environmentally considerate improvements to electric mobility and storage, using abundant materials and the best engineering and scientific practices. Martin is an engineer, inventor and clean energy visionary with over 40 years' experience. He was previously the owner and Managing Director of PML Flightlink Ltd, which developed the Hi-Pa in-wheel electric motor drive.

### **Trevor Gabriel**

Trevor Gabriel is a founder investor in DG Innovate and works as a Non-Executive Director for DG Innovate. Trevor is the managing partner of a real estate brokerage in Monaco specialising in sales, rentals and management of residential and commercial properties in Monaco and Southern Europe. As at the Last Practicable Date, loans totalling £305,097 have been extended by Mr Gabriel to DG Innovate.

### **Michael Depper**

Michael Depper is a founder investor in DG Innovate. He is a retired successful businessman having set up a distribution business in white goods, accessories and services, which has become the biggest in Europe. As at the Last Practicable Date, loans totalling £345,542 have been extended by Mr Depper to the firm.

### **Graham Weller**

Graham Weller is a founder investor in DG Innovate and worked as a Non-Executive Director for DG Innovate previously. Mr Weller is currently the director of BG Innovations Ltd. He continues working with DG Innovate in commercialising its motor and drive technology.

### **William Brogden**

William Brogden is a founder investor in DG Innovate and has no other relationship with DG Innovate. Mr Brogden holds a director role in a few companies and has a common directorship with Mr Weller in BG Innovations Ltd.

### **Andrew Boughtwood**

Andrew Boughtwood is a founder investor in DG Innovate. Andrew has been a company director for over 30 years. For the last 17 years, Andrew Boughtwood has held the position of Managing Director of Megger Limited. Andrew Boughtwood is the brother of Martin Boughtwood.

### **Ross Hyett**

Ross Hyett is a qualified wealth manager with Apsley House Capital plc and is a former executive director of the British Racing Drivers' Club. Mr Hyett has assisted DG Innovate with fundraising.

### **Rebecca Hainsworth**

Rebecca Hainsworth is the daughter of Martin Boughtwood. Ms Hainsworth holds a BA Hons in Psychology & Sociology and works as a HR & Procurement Officer for DG Innovate.

### **Xin (Lucy) Liu**

Lucy Liu works as Head of Finance for DG Innovate and holds FCCA status. Ms Liu has a common directorship with Martin Boughtwood in Ionotica Ltd (Ionotica Limited) of which Ms Liu is also company secretary.

## 7. Intentions of the Concert Party

Save for the appointment of the Proposed Directors and the resignation of one Existing Director on Admission, no member of the Concert Party is proposing any changes to the Board. As noted in paragraph 2 of Part V, following Admission, the Directors (which includes members of the Concert Party) will continue to review opportunities to enhance the executive board and management capability of the Enlarged Group through further appointments with relevant industry knowledge and experience. However, at this stage, no firm decisions have been made. The members of the Concert Party have confirmed their intention that, following any increase in their holdings of Ordinary Shares as a result of the issue to them of the Initial Consideration Shares and the exercise by them of the Concert Party Options, on approval of the Whitewash Resolution, the combined business of the Company and the DG Innovate Group would



continue in substantially the same manner as the business of the Company and the DG Innovate Group immediately prior to passing of the Whitewash Resolution. The members of the Concert Party have no intention of relocating the business or redeploying the combined fixed assets of the Company and the DG Innovate Group. The Board is fully supportive of the Concert Party's plans to maintain the business and assets of the DG Innovate Group in their current locations.

The Concert Party intends to maintain the Company's admission to the standard segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. Apart from the Directors, the Company has no employees prior to the Acquisition and therefore the Acquisition has no employment rights implications and there will be no material changes in respect of the balance of skills and functions of employment and management, for which none are employed apart from the Directors. The Company does not operate any pension schemes and has no research and development facilities. Following Completion, the Concert Party intends to implement the DG Innovate Group's operations as outlined in Part I of the Document. The Board is fully supportive of the Concert Party's operational plans for the Enlarged Group.

## 8. Interests and Dealings

8.1 As at the close of business on the Last Practicable Date, the total issued share capital of the Company was 2,029,463,802 Ordinary Shares.

8.2 As at the close of business on the Last Practicable Date, the interests of the Existing Directors and their families and the interests of persons connected with them, within the meaning of Part 22 of the UK Companies Act 2006, in the issued share capital of the Company were as follows:

Director / Manager	Last Practicable Date			Admission		
	Number of Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Existing Options	Number of Ordinary Shares	Percentage of Enlarged Share Capital	Number of Options
Brent Fitzpatrick	57,336,875	2.8	162,820,000	57,336,875	0.6	162,820,000
Christopher Theis	60,995,589	3.0	782,020,000	60,995,589	0.7	860,072,501
John (Jack) Allardyce	6,000,000	0.3	62,500,000	6,000,000	0.1	218,605,002
Nick Tulloch	-	-	-	-	-	-

8.3 During the 12-month period prior to the Last Practicable Date, the Directors have not undertaken any dealings for value in existing Ordinary Shares save for:

- (i) the Company related party transactions involving the Directors detailed in paragraph 14.1 of Part XIV of this Document;
- (ii) the conditional grant of the LTIP Options to Christopher Theis and John (Jack) Allardyce, as further detailed in paragraph 3.14 of Part XIV of this Document.

8.4 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party (or any person acting in concert with them) and the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Acquisition set out in this Document.

8.5 There have been no dealings (including borrowing or lending) for value in relevant securities by the Concert Party (or their immediate families, related trusts or persons connected or acting in concert with them) during the period of 12 months preceding the Last Practicable Date.

8.6 On the Last Practicable Date and save as disclosed in this Document:

- (a) no member of the Concert Party, nor any person acting in concert with them has any interest in, right to subscribe, in respect of or short position, in relation to any relevant securities;
- (b) no member of the Concert Party, nor any person acting in concert with them has dealt in relevant securities during the period of twelve months ended on the Last Practicable Date;
- (c) there are no relevant securities which the Concert Party, or any person acting in concert with them has borrowed or lent;
- (d) none of:
  - (i) the Directors or any of their close relatives or related trusts; or

- (ii) any other person acting in concert with the Company, has as at the Last Practicable Date any interest in, right to subscribe in respect of or short position in relation to any relevant securities;
- (e) there are no relevant securities which the Company or any person acting in concert with the Directors has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);
- (f) there are no relationships (personal, financial or commercial), arrangements or understandings between any member of the Concert Party and:
  - (i) any of the Directors (or their close relatives and related trusts); or
  - (ii) any of the Shareholders of the Company or any person who is, or is presumed to be, acting in concert with any such shareholder
 there has been no other agreement to transfer any shares that are subject to the proposed Acquisition and the Share Purchase Agreement.

8.7 In this paragraph 8 reference to:

- (a) "relevant securities" means Ordinary Shares and securities carrying conversion or subscription rights into Ordinary Shares;
- (b) "derivatives" includes any financial product, whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (c) "short position" means a short position, whether conditional or absolute and whether in the money or otherwise, and includes any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (d) "connected adviser" means:
  - (i) in relation to the Company, (i) an organisation which is advising the Company in relation to the disapplication of the application of Rule 9 of the Takeover Code; and (ii) a corporate broker to the Company;
  - (ii) in relation to a person who is acting in concert with the Concert Party or with the Directors, an organisation (if any) which is advising that person either (i) in relation to the disapplication of the application of Rule 9 of the Takeover Code; or (ii) in relation to the matter which is the reason for that person being a member of the relevant concert party; and
- (e) "control" means an interest, or aggregate interests, in shares carrying in aggregate 30 per cent or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control; and
- (f) "dealing" or "dealt" includes the following:
  - (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
  - (iii) subscribing or agreeing to subscribe for securities;
  - (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or Placing rights;
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
  - (vi) the entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
  - (vii) the redemption or purchase of, or taking or exercising an option over, any of its

- own relevant securities by the offeree company or an offeror; and
- (viii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position.

8.8 For the purposes of this paragraph 8 a person is treated as "interested" in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as "interested" in securities if:

- (a) he owns them;
- (b) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, he:
- (i) has the right or option to acquire them or call for their delivery, or
- (ii) is under an obligation to take delivery of them;
- whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) he is party to any derivative:
- (i) whose value is determined by reference to their price, and
- (ii) which results, or may result, in his having a long position in them.

## 9. Directors' service agreements

A summary of the directors' service contracts and appointment letters are set out in paragraphs 8.1 to 8.7 in Part XIV.

None of the service contracts and appointment letters, or the terms of such contracts and letters, have been amended within the six-month period prior to the date of this Document.

## 10. Middle Market Quotations

10.1 The closing middle market quotations for an Ordinary Share for the first business day in each of the six months immediately preceding the date of this Document are:

Date	Price(£)
1 March 2022	0.00270
1 February 2022	0.00270
1 January 2022	0.00270
1 December 2021	0.00270
1 November 2021	0.00270
1 October 2021	0.00270

## 11. General

11.1 Grant Thornton has given and not withdrawn its written consent to the issue of this Document with the inclusion therein of its name in the form and context in which it appears.

11.2 No inducement fee is payable in respect of the proposals set out in this Document.

11.3 There are no financing arrangements in place in relation to the proposals set out in this Document where payment of interest on, repayment of, or security for, any liability is dependent on the Company.

11.4 Save for the LTIP Options granted, conditional upon Admission, to the Directors, key management and employees as disclosed in paragraph 3.14 of Part XIV, no arrangements to incentivise management regarding the proposals set out in this Document have been entered into or are proposed.

11.5 See paragraph 17 of Part XIV for no significant change statement.

11.6 The contents of the Company's website or any website directly or indirectly linked to any of such website do not form part of this Document and should not be relied upon, without prejudice to the documents incorporated by reference into this Document.

12. **Documents Available for Inspection**

See paragraph 20 of Part XIV.

## **PART VIII. OPERATING AND FINANCIAL REVIEW**

### **SECTION (A) - OPERATING AND FINANCIAL REVIEW OF THE COMPANY**

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Company's audited financial statements for the period from 1 January 2018 to 31 December 2020 and from the unaudited financial statements for the six months ended 30 June 2021, which are the only relevant periods, incorporated by reference as explained in Part XV of this document.

The following discussion should be read in conjunction with the other information in this Document, in particular with the entire "Part X – Historical Financial Information on the DG Innovate Group" and "Part XII – Unaudited Pro Forma Financial Information". This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 24.

The key risks and uncertainties include but are not limited to those described in the section of this Document entitled "Risk Factors" on pages 12 to 20.

#### **Overview**

The Company was incorporated in June 2000 as Hallco 459 plc and changed its name to The Niche Group PLC in November of that year. The shares were first admitted to trading on AIM in August 2004. In 2010, the Company underwent a transition from a small company investing in pre-IPO opportunities to one with a sizeable interest in a company operating in the natural resources sector in Turkey.

The Company made a series of convertible loans (in aggregate amounting to approximately £18.6 million) to Oman Resources Limited, an investment vehicle which invested the proceeds of those loans into certain Turkish Assets. Oman Resources Limited failed to repay the loans after demands for repayment were made by the Company. The Company's admission to AIM was subsequently cancelled on 12 September 2012 as a result of its shares being suspended from AIM for six months pending a reverse takeover, which was not subsequently completed.

Since that time the Company has changed its management team and developed a new strategy and business plan seeking acquisition opportunities in revenue and near-revenue generating assets in the energy sector. In order to facilitate this strategy the Company's shares were admitted to the Official List and trading on the Main Market of the London Stock Exchange on 30 March 2017, and it raised gross proceeds of £1.4 million via a placing at that time.

The only assets held by Path at the time of admission were minority interests in two Turkish oil and gas exploration and production companies, which were disposed of in 2019 for a total consideration of £400,000, making the Company a shell company under the listing rules. Since being admitted on to the Standard Listing in March 2017 the Company has reviewed a number of potential acquisition opportunities.

In the periods ending 31 December 2018, 31 December 2019 and 31 December 2020 the Company made losses as set out in the attached table. Costs incurred have been predominantly legal fees, audit fees and listing expenses, while Director remuneration was waived in exchange for stock options until 1 January 2021.

The Company's shares were suspended from trading (and remained so until February 2021) on announcement of a Conditional Farm-In Agreement with 5P Energy GmbH, under which Path would acquire a 50% Participating Interest in the Alfeld-Elze II License and field, in December 2017. In November 2018 the Company announced that it had decided to withdraw from the transaction. In January 2019 the Company announced the signing of a Heads of Agreement for the proposed acquisition of ARC Marlborough Pty. Limited, before withdrawing from negotiations the following March.

Also in January 2019, the Company disposed of its 5% interest in ARAR and Alpay Enerji AS for a consideration of £400,000, together with the transfer by their major shareholder of 357,412 Ordinary Shares in the Company to be held in Treasury and 357,412 Deferred Shares for cancellation.

In August 2019 the Company announced the signing of an SPA relating to the proposed acquisition of Fine Gems Extraction Corporation, a company incorporated in the British Virgin Islands, which owned 75% of Jagoda Tourmaline Extraction Limited, in turn owning 100% of the Jagoda License located in Central Zambia containing deposits of both Tourmaline and Manganese. Following due diligence and feedback from potential investors and advisers, the Directors of the Company concluded that, whilst the FGE

asset was attractive and offered clear potential, the transaction would not have been viable as originally conceived. Accordingly, it was announced on 27 May 2020 that the SPA had expired without completion. Costs incurred in relation to this potential acquisition amounted to £315,700.

On 27 May 2020 the Company announced the conditional acquisition of a patented proprietary technology, DT Ultravert, for use initially within the oil and gas sector, from Zoetic International Plc. However, concerns raised during the transaction led the Board to question the merits of continuing and in February 2021 the Directors terminated the transaction. Costs incurred in relation to this potential acquisition amounted to £92,500.

In order to simplify the capital structure of the Company in September 2020 Path purchased all of its deferred shares for nil consideration and cancelled them. No deferred shares remain in issue.

Following cancellation of the DT Ultravert transaction the Company's shares were readmitted to trading on 17 February 2021. In March 2021 the Company raised gross proceeds of £3.85 million received to accelerate the Company's investment strategy.

Shortly after this fundraise and following initial due diligence on other opportunities within the wider energy space, the Directors were introduced to DG Innovate and quickly formed a positive view on its novel technologies and commercial prospects. Following an extensive due diligence process the parties negotiated Heads of Terms and subsequently undertook a significant effort alongside advisors to finalise a Sale and Purchase Agreement and associated suite of definitive documents, announcing the transaction on 13 August 2021. In order to fund DG Innovate's ongoing research and development work Path has extended, in aggregate, a £1,050,000 loan facility to DG Innovate.

As can be seen in the statements below, there has been no significant trading in the period since the last audited accounts, with costs associated with ongoing listing expenses, Director salaries and costs associated with the transaction. The Company's shares remain suspended awaiting completion of the transaction as set out in this prospectus document.

The table below sets out (1) summary financial information of the Company as derived without material adjustment from the audited annual consolidated financial statements of the Company for financial years ended 31 December 2020, 31 December 2019 and 31 December 2018.

#### Statement of comprehensive income

	Six months ended 30 June 2021 (£'000)	Year ended 31 December 2020 (£'000)	Year ended 31 December 2019 (£'000)	Year ended 31 December 2018 (£'000)
<b>Operating Loss</b>	(736)	(267)	(613)	(1,238)
Other gains and losses	-	(110)	295	(93)
<b>Loss before taxation</b>	(736)	(377)	(318)	(1,331)
Income tax	-	-	-	-
<b>Loss for the year/period</b>	(736)	(377)	(318)	(1,331)
<b>Total comprehensive income for the year attributable to the equity owners</b>	(736)	(377)	(318)	(1,331)

#### Statement of Financial Position

	As at 30 June 2021 (£'000)	As at 31 December 2020 (£'000)	As at 31 December 2019 (£'000)	As at 31 December 2018 (£'000)
Total assets	2,398	-	10	3
Total equity	2,125	(2,145)	(1,905)	(1,587)
Total liabilities	272	2,145	1,915	1,590
Total equity and liabilities	2,398	-	10	3

## Statement of Cash Flow

	Six months ended 30 June 2021 (£'000)	Year ended 31 December 2020 (£'000)	Year ended 31 December 2019 (£'000)	Year ended 31 December 2018 (£'000)
Net cash inflow / (outflow) from operating activities	(1,476)	(154)	(400)	(159)
Net cash used in investing activities	(86)	(0)	400	(0)
Net cash generated from financing activities	(3,828)	155	-	-
Net increase / (decrease) in cash and equivalents	2,267	0	(0)	(159)
Cash and cash equivalents at beginning of year	0	0	0	160
Cash and cash equivalents at end of year	2,267	0	0	0

## SECTION (B) - OPERATING AND FINANCIAL REVIEW OF THE DG INNOVATE GROUP

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from DGI's audited financial statements for the years ended 31 March 2019, 31 March 2020 and 31 March 2021, and from the unaudited financial statements for the six months ended 30 September 2021, which are the only relevant periods, included in "Part X – Historical Financial Information on DG Innovate Group" prepared in accordance with IFRS.

The following discussion should be read in conjunction with the other information in this Document, in particular with the entire "Part IX – Historical Financial Information of Path" and "Part XII – Unaudited Pro Forma Financial Information". This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 24.

The key risks and uncertainties include but are not limited to those described in the section of this Document entitled "Risk Factors" on pages 12 to 20.

### Overview

DG Innovate Ltd (formerly Deregallera Holdings Ltd) was founded in 2009 by engineer and inventor Martin Boughtwood with a vision of delivering sustainable and environmentally considerate improvements to electric mobility and storage, using abundant materials and the best engineering and scientific practices. DGI's early stages were focused on the development of novel motor concepts, funded by a £200,000 grant in 2010, a £200,000 UK government contract in 2011 and two equity funding rounds of £500,000 and £1,190,000 in 2011 and 2012, respectively.

Following the signing of a framework agreement with the UK Government (which ultimately provided c.£10 million of funding over the following six years for the research into electrostatic motors and energy storage. The focus of its work on electric drives shifted during the intervening period to the development of high performance motors and associated electronics targeted at a fleet of UK Government vehicles, with the current third generation motor. Work to incorporate aspects of this technology into commercial vehicles is also underway through various grant-funded projects.

DGI's energy storage team has subsequently focused on materials for the development of sodium-ion battery anodes and supercapacitor electrodes. DGI believes sodium-ion offers a more sustainable, safer and lower cost alternative to lithium-ion. It is DGI's belief that the combination of sodium-ion and supercapacitor technology offers the key performance required of the transport sector. A partially grant-funded pilot scale pouch cell production line was installed in DGI's facility in 2021, which will allow the manufacture of A5 size cells for testing. Additional work is also ongoing on integrated storage solutions combining sodium-ion cells with DGI's supercapacitor materials. The energy storage work has to date been funded by further grant awards from the Welsh Government and Innovate UK under the Faraday Battery Challenge.

To date DG Innovate has been funded by a mixture of equity, debt, grants and research funding from the UK Government. It has been awarded grant funding of c.£800,000 from the Welsh Government, and c.£2.3 million (with c.£600,000 outstanding) from Innovate UK. The UK Government has provided c.£10 million through two contracts signed in 2013 and 2014 along with other contracts to the value of c.£2 million. Equity funding has totalled c.£2 million to date, with funding rounds conducted in 2011, 2012 and 2019. Loans totalling £850,000 have also been extended by two shareholders (£500,000) and through the Coronavirus Business Interruption Loan Scheme (CBILS, £350,000).

In the periods ending 31 March 2019, 31 March 2020, 31 March 2021 and 30 September 2021 DGI made losses as set out in the table below. While the framework agreement expired in 2018, modest revenues (of less than £500,000 per annum) have been received in each of the relevant full year periods from contract work in support of the ongoing development of motor drives for the UK Government. The global COVID 19 pandemic has negatively impacted the timing of this work (with integration now expected early 2022), with zero revenues being received during the first half of the financial year 2022 due to a delay in the commencement of integration work.

DGI has also continued to receive grant income during the relevant period (1H22: £335,374, FY21: £1,122,591, FY20: £421,624, FY19: £248,127). Costs have been managed closely given the modest sources of funds available during the last three years, with the vast majority of these being staff-related, and most of this booked as research and development expenditure. DGI has also benefitted from income tax rebates under the R&D expenditure credit (RDEC) scheme.



In 2018/2019 DGI won four Innovate UK grants under the Faraday Battery Challenge, with total project funding of c£1.8 million. It also received a capital grant from the Welsh Government to develop its sodium-ion pouch cell assembly line, while work continued toward achieving performance parity with lithium-ion. DGI received a contract from the UK government to design and develop electric hub motors.

Although in 2020 progress was significantly restricted due to COVID 19, the UK Government motors were assembled and tested in the lab (achieving the desired performance), while some discussions with potential strategic partners were instigated to include passenger cars, commercial vehicles and marine applications.

Financial year 2021 saw the installation of the pilot pouch cell production line, while DGI received an order from the UK Government to assist with the integration of the motors. The first half of FY 2022 saw ongoing work on DGI's sodium-ion anode material and internal testing of motors for the UK Government, which were delivered for integration post-period. Costs during this period were impacted by additional legal and professional expenses, associated with the proposed Acquisition.

Path and DGI have been in discussions with a view to a transaction since the second quarter of 2021, with an extensive due diligence process followed by a significant effort alongside advisors to finalise a Sale and Purchase Agreement and associated suite of definitive documents (as announced on 13 August 2021). In order to fund DGI's ongoing research and development work while the proposed transaction completes, Path extended an initial £600,000 loan facility to DGI, with the Company agreeing to extend up to an additional £450,000 in three tranches of £150,000 to cover costs until completion, if required.

The table below sets out summary financial information of DGI as derived without material adjustment from the audited annual consolidated financial statements of the Company for financial years ended 31 March 2021, 31 March 2020 and 31 March 2019; and the unaudited interim consolidated financial statements for the six month period ended 30 September 2021. There have been no other significant changes to the company's financial condition and operating results during or subsequent to the period covered by the historic information provided other than that noted within this Document.

#### Statement of comprehensive income

	Six months ended 30 September 2021 (£'000)	Year ended 31 March 2021 (£'000)	Year ended 31 March 2020 (£'000)	Year ended 31 March 2019 (£'000)
Total revenue	-	285	192	397
<b>Operating Loss</b>	<b>(803)</b>	<b>(337)</b>	<b>(1,016)</b>	<b>(720)</b>
Other gains and losses	-51	(119)	(52)	(17)
<b>Loss before taxation</b>	<b>(854)</b>	<b>(455)</b>	<b>(1,068)</b>	<b>(737)</b>
Income tax	-	52	145	313
<b>Loss for the year/period</b>	<b>(854)</b>	<b>(403)</b>	<b>(923)</b>	<b>(424)</b>
<b>Total comprehensive income for the year attributable to the equity owners</b>	<b>(854)</b>	<b>(403)</b>	<b>(923)</b>	<b>(424)</b>

#### Statement of Financial Position

	Six months ended 30 September 2021 (£'000)	As at 31 March 2021 (£'000)	As at 31 March 2020 (£'000)	As at 31 March 2019 (£'000)
Total assets	4,622	4,814	4,803	5,191
Total equity	2,597	3,451	3,854	4,176
Total liabilities	2,026	1,363	949	1,015
Total equity and liabilities	4,622	4,814	4,803	5,191

Statement of cash flow

	Six months ended 30 September 2021 (£'000)	Year ended 31 March 2021 (£'000)	Year ended 31 March 2020 (£'000)	Year ended 31 March 2019 (£'000)
Net cash inflow / (outflow) from operating activities	(444)	187	168	(262)
Net cash used in investing activities	(12)	(509)	(888)	(1,071)
Net cash generated from financing activities	600	350	401	500
Net increase / (decrease) in cash and equivalents	144	29	(318)	(833)
Cash and cash equivalents at beginning of year	168	139	457	1,290
Cash and cash equivalents at end of year	311	168	139	457

## **PART IX. HISTORIC FINANCIAL INFORMATION OF PATH**

The Annual Report and Financial Statements for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 and unaudited interim results for the six months ended 30 June 2021 are incorporated by reference into this Document, as explained in Part XV (Documentation Incorporated by Reference).

## PART X. HISTORIC FINANCIAL INFORMATION ON THE DG INNOVATE GROUP

### SECTION (A) - ACCOUNTANT'S REPORT ON THE FINANCIAL INFORMATION OF THE DG INNOVATE GROUP



Accountants &  
business advisers

The Directors  
Path Investments Plc  
15 Victoria Mews  
Cottlingley Business Park  
Millfield Road  
Bingley  
BD16 1PY

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

Dear Sirs

#### **Introduction**

We report on the financial information of DG Innovate Ltd for the three years to 31 March 2021 which comprises the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the related notes. This financial information has been prepared for inclusion in the Prospectus of Path Investments Ltd (the "Company") dated 14 March 2022 on the basis of the accounting policies set out in note 2 to the financial information. The report is required by Annex 1, item 18.3.1 of the PR Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with UK adopted International Financial Reporting Standards ('IFRS').

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

#### **Basis of opinion**

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the 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 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 jurisdictions outside the United Kingdom, including the United States of America, 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 DG Innovate Ltd to continue as a going concern for a period of at least twelve months from the date of the Prospectus. Accordingly, the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

#### **Opinion**

In our opinion the financial information set out below gives, for the purposes of the Prospectus dated 2021, a true and fair view of the state of affairs of DG Innovate Ltd as at 31 March 2021, 2020 and 2019 and of the results, cash flows and changes in equity for the period then ended in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted by Company.

#### **Declaration**

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

Yours faithfully

**PKF Littlejohn LLP**  
**Reporting Accountant**

15 Westferry Circus  
Canary Wharf  
London E14 4HD  
**14 March 2022**

## SECTION (B) – HISTORIC FINANCIAL INFORMATION OF THE DG INNOVATE GROUP

**DG INNOVATE**  
**GROUP INCOME STATEMENT**  
**Year Ended 31 March**

	Notes	2021 £	2020 £	2019 £
Revenue	4	284,632	192,077	396,799
Cost of sales		(658,513)	(398,426)	(224,429)
<b>Gross (loss) / profit</b>		<b>(373,881)</b>	<b>(206,349)</b>	<b>172,370</b>
Other operating income		1,122,591	462,482	273,648
Administrative expenses		(1,085,388)	(1,272,323)	(1,165,816)
<b>Operating loss</b>	<b>5</b>	<b>(336,678)</b>	<b>(1,016,190)</b>	<b>(719,798)</b>
Investment revenues	9	38	617	1,170
Finance costs	10	(69,232)	(52,602)	(18,167)
Other gains and losses	11	(49,463)	-	-
<b>Loss before taxation</b>		<b>(455,335)</b>	<b>(1,068,175)</b>	<b>(736,795)</b>
Income tax	12	52,068	145,213	313,113
<b>Loss for the year</b>		<b>(403,267)</b>	<b>(922,962)</b>	<b>(423,682)</b>
<b>Other comprehensive income:</b>		-	-	-
<b>Total comprehensive loss for the year</b>		<b>(403,267)</b>	<b>(922,962)</b>	<b>(423,682)</b>

**DG INNOVATE**  
**GROUP STATEMENT OF FINANCIAL POSITION**  
Year Ended 31 March

	Notes	2021 £	2020 £	2019 £
<b>Non-current assets</b>				
Goodwill	14	-	503	670
Intangible assets	14	3,770,475	3,729,358	3,072,814
Property, plant and equipment	15	551,503	650,152	748,149
		<b>4,321,978</b>	<b>4,380,013</b>	<b>3,821,633</b>
<b>Current assets</b>				
Trade and other receivables	18	271,274	105,997	561,138
Current tax recoverable		52,868	178,451	351,348
Cash and cash equivalents		167,672	138,861	457,081
		<b>491,814</b>	<b>423,309</b>	<b>1,369,567</b>
<b>Current liabilities</b>				
Trade and other payables	21	347,816	338,671	275,840
Borrowings	20	24,060	-	-
Deferred revenue	24	2,500	2,500	17,923
		<b>374,376</b>	<b>341,171</b>	<b>293,763</b>
<b>Net current assets</b>				
		117,438	82,138	1,075,804
<b>Non-current liabilities</b>				
Borrowings	20	919,815	537,583	500,000
Deferred tax liabilities	22	6,194	5,394	13,014
Long term provision	23	50,000	50,000	50,000
Deferred revenue	24	12,500	15,000	158,287
		<b>988,509</b>	<b>607,977</b>	<b>721,301</b>
<b>Net assets</b>				
		<b>3,450,907</b>	<b>3,854,174</b>	<b>4,176,136</b>
<b>Equity</b>				
Called up share capital	27	14,612	14,612	12,612
Share premium account	28	2,082,694	2,082,694	1,683,694
Retained earnings		1,353,601	1,756,868	2,679,830
<b>Total equity</b>				
		<b>3,450,907</b>	<b>3,854,174</b>	<b>4,176,136</b>

**DG INNOVATE**  
**GROUP STATEMENT OF CHANGES IN EQUITY**  
**Year Ended 31 March**

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 April 2018</b>		<b>12,612</b>	<b>1,683,694</b>	<b>2,364,794</b>	<b>4,061,100</b>
<b>Year ended 31 March 2019:</b>					
Consolidation adjustment		-	-	738,718	738,718
Loss and total comprehensive income		-	-	(423,682)	(423,682)
<b>Balance at 31 March 2019</b>		<b>12,612</b>	<b>1,683,694</b>	<b>2,679,830</b>	<b>4,376,136</b>
<b>Year ended 31 March 2020:</b>					
Loss and total comprehensive income		-	-	(922,962)	(922,962)
Issue of share capital	27	2,000	399,000	-	401,000
<b>Balance at 31 March 2020</b>		<b>14,612</b>	<b>2,082,694</b>	<b>1,756,868</b>	<b>3,854,174</b>
<b>Year ended 31 March 2021:</b>					
Loss and total comprehensive income		-	-	(403,267)	(403,267)
Issue of share capital					
<b>Balance at 31 March 2021</b>		<b>14,612</b>	<b>2,082,694</b>	<b>1,353,601</b>	<b>3,450,907</b>



**DG INNOVATE**  
**GROUP STATEMENT OF CASH FLOWS**  
Year Ended 31 March

	Notes	2021 £	2020 £	2019 £
<b>Cash flows from operating activities</b>				
Cash generated from / (absorbed by) operations	30	10,831	(160,989)	(255,637)
Interest paid		(1,915)	(22,518)	(6,834)
Tax refunded / (paid)		178,451	351,794	-
<b>Net cash inflow / (outflow) from operating activities</b>		<b>187,367</b>	<b>168,287</b>	<b>(262,471)</b>
<b>Investing activities</b>				
Purchase of intangible assets		(505,416)	(871,197)	(987,527)
Purchase of property, plant and equipment		(3,178)	(16,927)	(84,203)
Interest received		38	617	1,170
<b>Net cash used in investing activities</b>		<b>(508,556)</b>	<b>(887,507)</b>	<b>(1,070,560)</b>
<b>Financing activities</b>				
Proceeds from issue of shares		-	401,000	-
Issue of new borrowings		350,000	-	500,000
<b>Net cash generated from financing activities</b>		<b>350,000</b>	<b>401,000</b>	<b>500,000</b>
<b>Net increase / (decrease) in cash and equivalents</b>		<b>28,811</b>	<b>(318,220)</b>	<b>(833,031)</b>
Cash and cash equivalents at beginning of year		138,861	457,081	1,290,112
<b>Cash and cash equivalents at end of year</b>		<b>167,672</b>	<b>138,861</b>	<b>457,081</b>

## **1 Accounting policies**

### **Company information**

On the 12th January 2021 the company changed its name from Deregallera Holdings Ltd to DG Innovate Ltd.

DG Innovate Ltd is a private company limited by shares incorporated in England and Wales. The registered office is St Matthew's House, Quays Office Park, Conference Avenue, Portishead, Bristol, United Kingdom, BS20 7LZ. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of DG Innovate Ltd and all of its subsidiaries.

#### **1.1 Accounting convention**

This Financial Information of the Company has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rule and has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Financial Information is prepared in sterling, which is the functional currency of the group. Monetary amounts in the Financial Information are rounded to the nearest £.

The Financial Information has been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Basis of consolidation**

The consolidated group Financial Information consist of the Financial Information of the parent company DG Innovate Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All Financial Information is made up to 31 March 2021. Where necessary, adjustments are made to the Financial Information of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial information from the date that control commences until the date that control ceases.

#### **1.3 Going concern**

The Financial Information has been prepared on a going concern basis which assumes that DG Innovate Group (DGI) will continue in operational existence for the foreseeable future. In making this assessment the directors have reviewed the balance sheet, the likely future funding available and considered the facilities and cash that are in place.

As a result of Covid-19 restrictions, significant reductions in business activities initially occurred during the first quarter of the financial year 2020/21. The board has taken steps to reduce costs in the group (predominantly staff costs) and have utilised the Government's Job Retention Scheme to help facilitate staff salary payments. Furthermore, the board has also taken steps to secure additional debt financing through Government backed loans (Coronavirus Business Interruption Loan Scheme loan) which are now in place.

The DGI board have other strategies available to meet a reduced working capital requirement should the need arise if the transaction with Path were not to go ahead.

DGI's management team and board of directors believe that the business has strong growth prospects and remains a going concern, based on the current cash position and current trading. Therefore, the board has concluded that it is appropriate to prepare the Financial Information on a going concern basis.

#### **1.4 Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

#### **Licence fees**

Licence fees are recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably). Licence fees determined on a time basis are recognised on a straight-line basis over the period of the agreement. Licence fees that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

#### **Management fee**

Revenue from management charges within the group is recognised at the rate agreed by both parties.

#### **Interest income**

Interest income from inter-company loans is recognised when it is probable that the economic benefit will flow to the company and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at a rate of 1.0% above the average LIBOR rate per annum. Interest income from saving accounts is recognised when the interest payment is received.

#### **Government grants**

Government grants are not recognised at their fair value until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

### **1.5 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **1.6 Intangible assets other than goodwill**

The Group recognises with the statement of financial position, costs associated with the acquisition of patents, licences and development costs.

#### **(i) Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at the cost less accumulated impairment losses.

#### **(ii) Internally-generated intangible assets (Patents and licences and development expenditure)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefit;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributed to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided at the following annual rates:

Intellectual property - Straight line over 10 years

Patent applications are capitalised once they have been successful and are amortised over its useful economic life.

Subsequent development expenditure which meets the criteria for capitalisation as an intangible asset is capitalised in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

#### (iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no further economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### (iv) Impairment of intangible assets

At the end of each reporting period the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful economic lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is considered to be the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- |                                    |  |
|------------------------------------|--|
| Improvements to leasehold property | - Straight line between over 5 years   |
| Plant and equipment                | - Straight line between 3 and 10 years |

Computers & Office equipment	- Straight line between 3 and 5 years
ALD & major equipment	- Straight line over 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

### **1.8 Non-current investments**

Interests in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

### **1.9 Borrowing costs related to non-current assets**

Borrowing costs directly attributable to fund research and development projects are recognised in profit or loss in the period which they are incurred.

### **1.10 Impairment of tangible and intangible assets**

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **1.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **1.12 Financial assets**

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

#### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss

is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

#### ***Financial assets held at amortised cost***

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

#### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The parent company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

#### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### **1.13 Financial liabilities**

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising

on remeasurement recognised in profit or loss.

### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### ***Derecognition of financial liabilities***

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

### **1.14 Equity instruments**

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### **1.16 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event and it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **1.17 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs

are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Share-based payment arrangements: transactions of the company

Equity-settlement share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments, on which the Group's operations are based, but are not contractually held within this Group, are set out in the notes to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **1.18 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### **1.19 Leases**

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

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straightline basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **2 Adoption of new and revised standards and changes in accounting policies**

In the current year, the following new and revised standards and interpretations have been adopted by the group and have an effect on the current period or a prior period or may have an effect on future periods:

Definition of a Business (Amendments to IFRS 3);

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and

COVID-19-Related Rent Concessions (Amendments to IFRS 16).

There is no impact of these three standards in these financial statements. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

b) New standards, interpretations and amendments not yet effective. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in



future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and

References to Conceptual Framework (Amendments to IFRS 3).

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

Key estimates and assumptions are mostly founded on historical experiences and future expectations. In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **(i) Revenue Recognition:**

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods and services set out in IFRS 15 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods and services. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.

#### **ii) Control over subsidiaries**

The directors of the company assessed whether or not the Group has control over its subsidiaries based on whether the Group has the practical ability to direct the relevant activities of its subsidiaries unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in its subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of its subsidiaries and therefore the Group has control over its subsidiaries.

#### **iii) Impairment of Goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### **iv) Useful lives of patents, licences and development costs**

The Group reviews the estimated useful lives of its other intangible assets at the end of each reporting period. This is due to the fast evolving industry in which the company operates. During the current year, the directors determined that the useful lives of certain patents and development costs should be shortened, due to developments in technology.

#### **v) Useful lives of property plant and equipment**

The Group reviews the estimated useful lives of its property plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of the items of property plant and equipment were appropriate.

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and

other factors that are considered to be relevant. Actual results may differ from these estimates.

### Rounding of amounts

All amounts disclosed in the Financial Information and notes have been rounded off to the nearest pound unless otherwise stated.

### Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

### Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which were unpaid. The amounts are unsecured and are usually paid within the suppliers credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the vision and future periods if the revision affects both current and future periods.

## 4 Revenue

	2021 £	2020 £	2019 £
<b>Revenue analysed by class of business</b>			
Rendering of services	284,632	192,077	396,799
<b>Other significant revenue</b>			
Interest income	38	617	1,170
Grants received	1,122,591	421,624	248,127

All revenue is generated from UK based operations deriving from the rendering of consultancy services.

## 5 Operating profit/(loss)

	2021 £	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):			
Research and development costs	16,324	53,500	-
Government grants	(1,122,591)	(421,624)	(248,127)
Fees payable to the company's auditors	5,900	5,900	5,900
Depreciation of property, plant and equipment	101,827	114,924	158,026
Amortisation of intangible assets (included within administrative expenses)	414,652	414,819	447,450

## 6 Auditor's remuneration

	2021	2020	2019
	£	£	£
<hr/>			
Fees payable to the company's auditor and associates:			
<b>For audit services</b>			
Audit of the financial statements of the group and company	1,400	1,400	1,400
Audit of the financial statements of the company's subsidiaries	4,500	4,500	4,500
	<b>5,900</b>	<b>5,900</b>	<b>5,900</b>

## 7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021	2020	2019
	Number	Number	Number
<hr/>			
Management	3	4	4
Administrative	4	3	4
Engineers	13	13	16
	<b>20</b>	<b>20</b>	<b>24</b>

Their aggregate remuneration comprised:

	2021	2020	2019
	£	£	£
<hr/>			
Wages and salaries	531,608	433,189	377,225
Social security costs	51,186	46,726	31,715
Pension costs	70,010	106,129	87,752
	<b>652,804</b>	<b>586,044</b>	<b>496,692</b>

## 8 Directors' remuneration

	2021	2020	2019
	£	£	£
<hr/>			
Directors' remuneration	99,232	185,948	185,948
Directors' pension contribution to money purchase schemes	33,831	42,654	43,200
	<b>133,063</b>	<b>228,602</b>	<b>229,148</b>

## 9 Investment income

	2021	2020	2019
	£	£	£
<hr/>			
<b>Interest income</b>			
Bank deposits	<b>38</b>	<b>617</b>	<b>1,170</b>

## 10 Finance costs

	2021	2020	2019
	£	£	£
<hr/>			
Interest of bank overdrafts and loans	11,025	-	-
Other interest payable	58,207	52,602	18,167
Total interest expense			

## 11 Other gains and losses

	2021	2020	2019
	£	£	£
Amounts written off non-current loans	(48,960)	-	-
Other gains and losses	(503)	-	-
	<b>(49,463)</b>	-	-

## 12 Income tax expense

	2021	2020	2019
	£	£	£
<b>Current tax</b>			
UK corporation tax on profits for the current period	(52,868)	(137,593)	17,959
Other taxes	-	-	(331,072)
<b>Deferred tax</b>			
Origination and reversal of temporary differences	800	(7,620)	-
Total tax (credit)	<b>(52,068)</b>	<b>(145,213)</b>	<b>(313,113)</b>

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021	2020	2019
	£	£	£
Loss before taxation	(455,335)	(1,068,175)	(736,795)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(86,514)	(203,309)	(139,991)
Effect of expenses not deductible in determining taxable profit	10,028	(118,209)	23,716
Income not taxable	(475)	(475)	-
Utilisation of tax losses not previously recognised	19,854	-	-
Unutilised tax losses carried forward	73,152	262,479	-
Adjustment in respect of prior years	-	-	(133,470)
Effect of change in UK corporation tax rate	-	-	6,805
Permanent capital allowances in excess of depreciation	18,491	18,214	-
Research and development tax credit	(94,383)	(115,497)	(155,615)
Other non-reversing timing differences	-	11,584	-
Deferred interest on loans	10,695	-	-
Pension adjustment	(2,916)	-	-
Deferred tax not recognised	-	-	85,442
<b>Taxation credit for the year</b>	<b>(52,068)</b>	<b>(145,213)</b>	<b>(313,113)</b>

### 13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £	2020 £	2019 £
In respect of:			
Financial assets – loans and receivables	48,960	-	-
Recognised in:			
Other gains and losses	48,960	-	-

### 14 Intangible assets

Group	Goodwill £	Intellectual Property £	Total £
<b>Cost</b>			
As at 1 April 2018	263,993	2,020,406	2,284,399
Additions	-	1,729,463	1,729,463
<b>As at 31 March 2019</b>	<b>263,993</b>	<b>3,749,870</b>	<b>4,013,862</b>
Additions	-	871,197	871,197
<b>As at 31 March 2020</b>	<b>263,993</b>	<b>4,621,066</b>	<b>4,885,059</b>
Additions	-	505,416	505,416
Disposals	(837)	(49,648)	(50,485)
<b>As at 31 March 2021</b>	<b>263,156</b>	<b>5,276,834</b>	<b>5,539,990</b>
<b>Amortisation and impairment</b>			
As at 1 April 2018	210,525	282,404	492,929
Charge for the year	52,798	394,651	447,449
<b>As at 31 March 2019</b>	<b>263,323</b>	<b>677,056</b>	<b>940,379</b>
Charge for the year	167	414,652	414,819
<b>As at 31 March 2020</b>	<b>263,490</b>	<b>1,091,708</b>	<b>1,355,198</b>
Charge for the year	-	414,652	414,652
Eliminated on disposals	(334)	-	(334)
<b>As at 31 March 2021</b>	<b>264,156</b>	<b>1,506,359</b>	<b>1,769,515</b>
<b>Carrying amount</b>			
<b>As at 31 March 2019</b>	<b>670</b>	<b>3,072,814</b>	<b>3,073,484</b>
<b>As at 31 March 2020</b>	<b>503</b>	<b>3,729,358</b>	<b>3,729,861</b>
<b>As at 31 March 2021</b>	<b>-</b>	<b>3,770,475</b>	<b>3,770,475</b>

Intangible assets with a carrying amount of £3,770,475 (2020: £3,729,358) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

#### Goodwill

On the 31 March 2014 the company acquired 100% of the ordinary share capital of Leading Technology Developments Ltd, a company incorporated in England and Wales. This business combination has been accounted for under acquisition accounting. Goodwill arising on consolidation for this acquisition is £263,156. The disposal in the year relates to Siddons Furniture Limited, a company incorporated in England and Wales. The business combination was accounted for under acquisition accounting. Goodwill arising on consolidation of this acquisition was £837.

## Intellectual Property

Intellectual property relates to licence, patent costs and “know how”.

## 15 Property, plant and equipment

Group	Improvements to leasehold property	Fixtures and fittings	Plant and equipment	Computers & office equipment	ALD & major equipment	Total
	£	£	£	£	£	£
<b>Cost</b>						
As at 1 April 2018	311,286	3,329	437,586	294,101	598,525	1,644,827
Additions	3,008	-	77,396	3,799	-	84,203
<b>As at 31 March 2019</b>	<b>314,294</b>	<b>3,329</b>	<b>514,982</b>	<b>297,900</b>	<b>598,525</b>	<b>1,729,029</b>
Additions	-	-	8,671	8,256	-	16,927
<b>As at 31 March 2020</b>	<b>314,294</b>	<b>3,329</b>	<b>523,653</b>	<b>306,155</b>	<b>598,525</b>	<b>1,745,956</b>
Additions	-	-	3,178	-	-	3,178
<b>As at 31 March 2021</b>	<b>314,294</b>	<b>3,329</b>	<b>526,831</b>	<b>306,155</b>	<b>598,525</b>	<b>1,749,134</b>
<b>Depreciation</b>						
As at 1 April 2018	238,864	3,329	220,442	195,335	164,885	822,855
Charge for the year	59,257	-	30,861	31,843	36,065	158,026
<b>As at 31 March 2019</b>	<b>298,121</b>	<b>3,329</b>	<b>251,303</b>	<b>227,178</b>	<b>200,950</b>	<b>980,880</b>
Charge for the year	8,897	-	38,883	31,078	36,066	114,924
<b>As at 31 March 2020</b>	<b>307,018</b>	<b>3,329</b>	<b>290,185</b>	<b>258,256</b>	<b>237,016</b>	<b>1,095,804</b>
Charge for the year	3,672	-	37,993	24,096	36,066	101,827
<b>As at 31 March 2021</b>	<b>310,690</b>	<b>3,329</b>	<b>328,178</b>	<b>282,352</b>	<b>273,082</b>	<b>1,197,631</b>
<b>Carrying amount</b>						
As at 31 March 2019	16,173	-	263,680	70,721	397,575	748,149
As at 31 March 2020	7,276	-	233,468	47,899	361,509	650,152
As at 31 March 2021	3,604	-	198,653	23,803	325,443	551,503

## 16 Subsidiaries

Name of the company’s subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Voting
Deregallera Ltd	England & Wales	Research & Development	Ordinary	100.00	100.00
Deregallera Technology Ltd	England & Wales	Dormant	Ordinary	100.00	100.00
Leading Technology Developments Ltd	England & Wales	Provision of Research & Development	Ordinary	100.00	100.00

## 17 Investments

	Current			Non-current		
	2021	2020	2019	2021	2020	2019
	£	£	£	£	£	£
Investments in subsidiaries	-	-	-	301,500	301,551	301,551

## Movements in non-current investments

Group	Shares in group undertakings £
<b>Cost</b>	
As at 31 March 2018	301,551
As at 31 March 2019	301,551
As at 31 March 2019	301,551
As at 31 March 2020	301,551
As at 31 March 2020	301,551
Disposals	(51)
As at 31 March 2021	301,500
<b>Carrying amount</b>	
As at 31 March 2019	<u>301,551</u>
As at 31 March 2020	<u>301,551</u>
As at 31 March 2021	<u>301,500</u>

On the 19 June 2020 a resolution was passed to transfer the 51% shareholding in Siddons Furniture Ltd to Siddons Furniture Ltd for a consideration based on an agreed future profit share on the satisfaction of certain agreed criteria.

## 18 Trade and other receivables

Group	2021 £	2020 £	2019 £
Trade receivables	-	3,601	428,863
VAT recoverable	43,646	51,135	4,532
Other receivables	204,797	2,727	86,387
Prepayments	22,831	48,534	41,356
	<u>271,274</u>	<u>105,997</u>	<u>561,138</u>

## 19 FINANCIAL INSTRUMENTS

The Group is exposed to credit and liquidity risk which arises in the normal course of the Group's business.

### Capital Management

The Group's policy is to maintain a strong capital base so as to secure investor's funds and to sustain further development of the business. Management also seeks additional funding from contracted sales and government grants. Expenditure on capital equipment and various research and development projects are under regular review and detailed cost control. Surplus funds are kept in business savings accounts offering best rates.

The Group is currently seeking third round investment to accelerate the ongoing research and development projects and fund new projects in the pipeline.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's principal financial assets are bank balances, amounts due to/from other companies within the DG Innovate Group and other receivables. These represent the Group's maximum exposure to credit risk in relation to financial assets.

## Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

## Recognised assets and liabilities

Cash and cash equivalents comprise cash held by the Group. Other receivables represent amounts receivable from other companies within the DG Innovate Group for sale of goods, services, management charges and licence fees. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of the assets and liabilities approximate to their fair value on the 19 June 2020 a resolution was passed to transfer the 51% shareholding in Siddons Furniture Ltd to Siddons Furniture Ltd for a consideration based on an agreed future profit share on the satisfaction of certain agreed criteria.

## 20 Borrowings

Group	Current			Non-current		
	2021	2020	2019	2021	2020	2019
	£	£	£	£	£	£
<b>Borrowings held at amortised cost:</b>						
Other loans	24,060	-	-	919,815	537,583	500,000
				<b>2021</b>	<b>2020</b>	<b>2019</b>
				£	£	£
<b>Secured borrowings included above:</b>						
	-	-	-	593,875	537,583	500,000

The shareholder lenders have given consent to DG Innovate Ltd to defer the repayment of the loan and accrued interest payable while DG Innovate Ltd is progressing with its fundraising activities.

Even though the conditional sale and purchase agreement exchanged with Path Investment Plc on 12 August 2021 states that the shareholders' loans and accrued interest will be repaid after the merger, which is expected to take place during the final quarter of calendar year 2021, the loans as at the 31 March 2021 are still classified as non-current liabilities in the Financial Information until the deal completes.

Other borrowings included £350,000 advanced in the year under the UK government CBILS loan scheme. The loan is for a 60-month period with annual fixed interest of between 10.10% and 10.20%. The first year's interest is paid by the UK government and amounts to £11,025 for the element included in the Financial Information, this has been included in the income statement as grant income.

Unsecured borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

The company has provided a legal mortgage by way of a fixed and floating charge over all its property and assets on the secured loan.

## 21 Trade and other payables

Group	2021	2020	2019
	£	£	£
Trade payables	122,333	127,511	47,567
Accruals	30,388	29,666	62,568
Social security and other taxation	72,324	57,693	54,688
Other payables	122,771	123,801	111,017
	<b>347,816</b>	<b>338,671</b>	<b>275,840</b>



## 22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	Total £
<b>Accelerated capital allowances</b>	
As at 1 April 2018	-
Credit to profit or loss	13,014
As at 31 March 2019	<b>13,014</b>
Credit to profit or loss	(7,620)
As at 31 March 2020	<b>5,394</b>
Credit to profit or loss	800
As at 31 March 2021	<b>6,194</b>

The Group had losses carried forward of £2,331,463, at the year ended 31 March 2021 on which no deferred tax asset has been recognised.

## 23 Provision for liabilities

Group	2021 £	2020 £	2019 £
Provision for dilapidations	50,000	50,000	50,000

All provisions are expected to be settled after more than 12 months from the reporting date.

## 24 Deferred revenue

Group	2021 £	2020 £	2019 £
Arising from government grants	15,000	17,500	176,210

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

Group	2021 £	2020 £	2019 £
Current liabilities	2,500	2,500	17,923
Non-current liabilities	12,500	15,000	158,287
	<b>15,000</b>	<b>17,500</b>	<b>176,210</b>

## 25 Retirement benefit schemes

### Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £70,010 (2020 - £106,129).

## 26 Share-based payment transactions

DG Innovate Ltd has established an Enterprise Management Incentives (EMI) scheme as part of a plan to incentivise employees where the options are granted to recruit and retain employees. DG Innovate Ltd EMI Share Option Agreement and Share Option Plan rules are produced to set up this scheme. HMRC has agreed to allow the purchase price for employees (the exercise price) to be 0.01p per share.

This is a tax-advantaged share option scheme to grant options to selected employees to allow them to acquire shares over a prescribed period, provided that the following conditions are met:

- There is no tax charge on the exercise of an EMI option providing it was granted at market value;
- If the company's share price has increased in value between the time of grant and exercise the uplift is not charged to Income Tax;
- There will be a Capital Gains Tax (CGT) charge when the employee disposes of his/her shares and proceeds exceed market value at the option grant date.

An option may be exercised only in the event of a sale, takeover or admission. The directors may exercise their discretion and permit the exercise of an option in whole or in part on such terms as they may determine at any time before the tenth anniversary of the date of grant. In the event of a takeover or sale, the option may only be exercised if the option holder has agreed in writing, in a manner acceptable to the directors, to exercise and to sell their shares in the Group. In any event, an option shall not be exercisable if or insofar as such option has lapsed and ceased to be exercisable in accordance with the Share Option Plan Rules.

The exercise of an option is normally subject to continued employment. Eligible employees are contracted to work a minimum of 25 hours a week, if less, 75% of their working time and must have no material interest in any of the companies within the DG Innovate Ltd Group. Staff are eligible for the bonus option shares depending on the number of additional hours worked. The number of bonus share options issued will be limited to 50% of the granted core share options.

There are no further performance conditions associated with above share options.

All share-based employee remuneration will be settled in equity.

<b>Number of options</b>	
Outstanding at 1 April 2018	71,400
Forfeited during the period	(14,400)
<b>Outstanding at 31 March 2019</b>	<b>57,000</b>
Exercisable at 31 March 2019	-
Outstanding at 31 March 2019	57,000
Forfeited during the period	(10,800)
Outstanding at 31 March 2020	<b>46,200</b>
Exercisable at 31 March 2020	-
Outstanding at 31 March 2020	46,200
Forfeited during the period	(14,400)
Outstanding at 31 March 2021	<b>31,800</b>
Exercisable at 31 March 2021	-

## 27 Share capital

	2021	2020	2019	2021	2020	2019
	No.	No.	No.	£	£	£
<b>Ordinary share capital</b>						
<b>Issued and fully paid</b>						
Ordinary A Shares of 1p each	730,635	730,635	630,635	7,306	7,306	6,306
Ordinary B Shares of 1p each	730,625	730,625	630,625	7,306	7,306	6,306
	<b>1,461,260</b>	<b>1,461,260</b>	<b>1,261,260</b>	<b>14,612</b>	<b>14,612</b>	<b>12,612</b>

## Reconciliation of movements:

	A Shares Number	B Shares Number
At 1 April 2018	630,635	630,625
Issue of fully paid shares	-	-
At 31 March 2019	<b>630,635</b>	<b>630,625</b>
At 31 March 2019	630,635	630,625
Issue of fully paid shares	100,000	100,000
At 31 March 2020	<b>730,635</b>	<b>730,625</b>
At 31 March 2020	730,635	730,625
Issue of fully paid shares	-	-
At 31 March 2021	<b>730,635</b>	<b>730,625</b>

The ordinary share capital holds rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of winding up or sale. Attached to the shares are the rights to receive dividends. Refer to the share based payment note for further information relating to the Enterprise Management Incentives Scheme operated by the company which extends to the employees of the DG Innovate Group ("The Group").

## 28 Share premium account

	2021 £	2020 £	2019 £
At the beginning of the year	2,082,694	1,683,694	1,683,694
Issue of new shares	-	399,000	-
At the end of the year	<b>2,082,694</b>	<b>2,082,694</b>	<b>1,683,694</b>

## 29 Related party transactions

### Remuneration of key management personnel

Amounts transacted with members of key management personnel during the year to 31 March 2021 and the prior year are as follows:

	2021 £	2020 £	2019 £
Short-term employee benefits	133,063	228,602	229,148

During the year Nil shares (2020: Nil shares) of £0.01 per share were granted as options for key management personnel under the DG Innovate Ltd Enterprise Management Incentives scheme.

### Other transactions with related parties

During the year the group entered into the following transactions with members of the Group:

	Management fee			Interest		
	2021 £	2020 £	2019 £	2021 £	2020 £	2019 £
Subsidiaries	24,500	20,000	60,000	12,804	23,242	23,773

	Acquisition of IPR & 'know-how'		
	2021 £	2020 £	2019 £
Subsidiaries	505,416	868,669	1,701,711

As at 31 March 2021, the company had the following balances with its subsidiaries:

	2021	2020	2019
<b>Amounts due to related parties</b>	<b>£</b>	<b>£</b>	<b>£</b>
Subsidiaries	505,416	-	-

Of the above, £505,416 (2020: £Nil) has been included within creditors falling due after one year. There are no set terms or fixed repayment dates.

All transactions and balances between DG Innovate Ltd and its subsidiaries are eliminated on consolidation.

As at 31 March 2021, the company had the following balances with its subsidiaries:

	2021	2020	2019
<b>Amounts due from related parties</b>	<b>£</b>	<b>£</b>	<b>£</b>
Subsidiaries	35,043	157,339	758,442

Of the above, £10,000 (2020: £6 8,947) has been included within debtors falling due within one year. The remaining £25,043 (2020: £88,392) has been included within debtors falling due after one year. There are no set terms or fixed repayment dates. The company holds a fixed mortgage charge over the assets of subsidiary DG Innovate Ltd in relation to amounts owed to them at the 31 March 2021.

All transactions and balances between DG Innovate Ltd and its subsidiaries are eliminated on consolidation.

### Other information

During the year Ionotica Limited, a company in which M Boughtwood is a shareholder and director, provided consultancy services to the Group for £69,120 (2020: £Nil). At the year-end there was nil (2020: £Nil) owed to Ionotica Limited.

### 30 Cash generated from / (absorbed by) operations

	2021	2020	2019
	<b>£</b>	<b>£</b>	<b>£</b>
Loss for the year after tax	(403,267)	(922,962)	(423,682)
<b>Adjustments for:</b>			
Taxation credited	(52,068)	(145,213)	(313,113)
Finance costs	58,207	52,602	18,167
Investment income	(38)	(617)	(1,170)
Amortisation and impairment of intangible assets	414,652	414,819	447,450
Depreciation and impairment of property, plant and equipment	101,827	114,924	158,026
Other disposal adjustment	50,151	-	-
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables	(165,279)	413,004	(6,224)
Increase in trade and other payables	9,146	71,164	(117,077)
Decrease in deferred revenue outstanding	(2,500)	(158,710)	(18,014)
Cash generated from/(absorbed by) operations	<b>10,831</b>	<b>(160,989)</b>	<b>(255,637)</b>

### 31 Prior period adjustment

The prior year adjustment identified in the Statement of Changes in Equity relates to a group internally charged licence that was inadvertently removed from intangibles in error on consolidation in 2018.

**SECTION (C) – UNAUDITED INTERIM RESULTS OF THE DG INNOVATE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**GROUP INCOME STATEMENT**

**DG INNOVATE LTD**

**FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021**

	Notes	6 Months ended 30 September 2021 £	6 Months ended 30 September 2020 £
Revenue	3	-	152,800
Cost of sales		-	(308,732)
<b>Gross loss</b>		-	(155,932)
Other operating income		336,505	403,070
Administrative expenses		(1,139,263)	(627,036)
<b>Operating loss</b>	4	(802,758)	(379,898)
Investment revenues	7	124	33
Finance costs	8	(51,416)	(27,661)
<b>Loss before taxation</b>		(854,050)	(407,526)
<b>Income tax expense</b>		-	-
<b>Loss and total comprehensive income for the 6 Months</b>		(854,050)	(407,526)

Profit for the financial 6 Months is all attributable to the owners of the parent company.

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

**DG INNOVATE LTD**

**FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021**

	<b>6 Months ended 30 September 2021</b>	<b>6 Months ended 30 September 2020</b>
	<b>£</b>	<b>£</b>
<b>Loss for the 6 Months</b>	<b>(854,050)</b>	<b>(407,526)</b>
<b>Other comprehensive income:</b>		
<b>Total comprehensive income for the 6 Months</b>	<b>(854,050)</b>	<b>(407,526)</b>

Total comprehensive income for the 6 Months is all attributable to the owners of the parent company.

## GROUP STATEMENT OF FINANCIAL POSITION

### DG INNOVATE LTD

AS AT 30 SEPTEMBER 2021

	Notes	30.09.2021 £	30.09.2020 £
<b>Non-current assets</b>			
Goodwill	9	-	419
Intangible assets	9	3,563,147	3,522,031
Property, plant and equipment	11	516,062	598,092
		<u>4,079,209</u>	<u>4,120,542</u>
<b>Current assets</b>			
Trade and other receivables	15	179,023	29,032
Current tax recoverable		52,868	178,451
Cash and cash equivalents		311,346	248,724
		<u>543,237</u>	<u>456,207</u>
<b>Current liabilities</b>			
Trade and other payables	20	378,590	494,006
Borrowings	18	685,904	-
Deferred revenue	23	2,500	2,500
		<u>1,066,994</u>	<u>496,506</u>
<b>Net current liabilities</b>			
		<u>(523,757)</u>	<u>(40,299)</u>
<b>Non-current liabilities</b>			
Borrowings	18	891,151	565,028
Deferred tax liabilities		6,194	4,817
Long term provisions	22	50,000	50,000
Deferred revenue	23	11,250	13,750
		<u>958,595</u>	<u>633,595</u>
<b>Net assets</b>			
		<u>2,596,857</u>	<u>3,446,648</u>
<b>Equity</b>			
Called up share capital	26	14,612	14,612
Share premium account	27	2,082,694	2,082,694
Retained earnings		499,551	1,349,342
<b>Total equity</b>		<u>2,596,857</u>	<u>3,446,648</u>

## GROUP STATEMENT OF CHANGES IN EQUITY

### DG INNOVATE LTD

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
<b>Balance at 1 April 2020</b>	14,612	2,082,694	1,756,868	3,854,174
<b>Period ended 30 September 2020:</b>				
Loss and total comprehensive income for the period	-	-	(407,526)	(407,526)
<b>Balance at 30 September 2020</b>	14,612	2,082,694	1,349,342	3,446,648
Profit and total comprehensive income for the period ended 31 March 2021	-	-	4,259	4,259
<b>Balance at 1 April 2021</b>	14,612	2,082,694	1,353,601	3,450,907
<b>Period ended 30 September 2021:</b>				
Loss and total comprehensive income for the period	-	-	(854,050)	(854,050)
<b>Balance at 30 September 2021</b>	14,612	2,082,694	499,551	2,596,857



## COMPANY STATEMENT OF FINANCIAL POSITION

### DG INNOVATE LTD

AS AT 30 SEPTEMBER 2021

	Notes	30.09.2021 £	30.09.2020 £
<b>Non-current assets</b>			
Intangible assets	10	3,413,147	3,302,384
Investments	14	301,500	301,551
Other receivables	16	-	112,451
		3,714,647	3,716,386
<b>Current assets</b>			
Trade and other receivables	16	47,369	30,967
Cash and cash equivalents		277,347	113,823
		324,716	144,790
<b>Current liabilities</b>			
Trade and other payables	21	199,997	133,850
Borrowings	19	624,195	-
		824,192	133,850
<b>Net current (liabilities)/assets</b>			
		(499,476)	10,940
<b>Non-current liabilities</b>			
Trade and other payables	21	247,971	-
Borrowings	19	602,860	565,028
		850,831	565,028
<b>Net assets</b>			
		2,364,340	3,162,298
<b>Equity</b>			
Called up share capital		14,612	14,612
Share premium account		2,082,694	2,082,694
Retained earnings		267,034	1,064,992
<b>Total equity</b>		2,364,340	3,162,298

The company has not presented its own income statement and related notes. The company's loss for the period was £462,798 (2020: £257,694 loss)

## GROUP STATEMENT OF CASH FLOWS

### DG INNOVATE LTD

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	29	(444,201)		110,045	
Interest paid		(435)		(215)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(444,636)</b>		<b>109,830</b>	
<b>Investing activities</b>					
Purchase of property, plant and equipment		(11,814)		-	
Interest received		124		33	
<b>Net cash (used in)/generated from investing activities</b>		<b>(11,690)</b>		<b>33</b>	
<b>Financing activities</b>					
Issue of new borrowings		600,000		-	
<b>Net cash generated from/(used in) financing activities</b>		<b>600,000</b>		<b>-</b>	
<b>Net increase in cash and cash equivalents</b>		<b>143,674</b>		<b>109,863</b>	
Cash and cash equivalents at beginning of period		167,672		138,861	
Cash and cash equivalents at end of the period		<u>311,346</u>		<u>248,724</u>	

## **NOTES TO THE GROUP FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021**

#### **1 Accounting policies**

##### **Company information**

On the 12 January 2021, the company changed its name from Deregallera Holdings Ltd to DG Innovate Ltd.

DG Innovate Ltd is a private company limited by shares incorporated in England and Wales. The registered office is St Matthew's House, Quays Office Park, Conference Avenue, Portishead, Bristol, United Kingdom, BS20 7LZ. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of DG Innovate Ltd and all of its subsidiaries.

##### **1.1 Accounting convention**

The condensed Interim Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") as adopted in the UK and IAS 34 "Interim Financial Reporting". The Interim Financial Information does not include all disclosures that would otherwise be required in a complete set of financial information but have been prepared in accordance with the existing accounting policies and policies expected to be applied in the Financial Statements for the year ended 31 March 2022. The Interim Financial Information should be read in conjunction with the Historic Financial Information for the period ended 30 September 2020.

The Interim Financial Information for the 6 months ended 30 September 2021 is unaudited.

The Historic Financial Information of the Group is prepared in accordance with IFRS. The same accounting policies, presentation and methods of computation are followed in the Interim Financial Information as were applied in the audited Historic Financial Information.

No new policies were issued by IASB that are applicable to the period ended 30 September 2021.

The Interim Financial Information has been prepared on a going concern basis.

The Interim Financial Information has been prepared under the historical cost convention. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for all periods presented in these Financial Information. The Financial Information is prepared in £GBP.

##### **1.2 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company DG Innovate Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

##### **1.3 Going concern**

These financial statements have been prepared on a going concern basis which assumes that DG Innovate Group (DGI) will continue in operational existence for the foreseeable future. In making this assessment the directors have reviewed the balance sheet, the likely future funding available and considered the facilities and cash that are in place.

The DGI board have other strategies available to meet a reduced working capital requirement should the need arise if the Acquisition by Path Investments plc were not to go ahead.

DGI's management team and board of directors believe that the business has strong growth prospects and remains a going concern, based on the current cash position and current trading. Therefore, the board has concluded that it is appropriate to prepare these financial statements on a going concern basis.

## **1.4 Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

### Licence fees

Licence fees are recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably). Licence fees determined on a time basis are recognised on a straight-line basis over the period of the agreement. Licence fees that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

### Management fee

Revenue from management charges within the group is recognised at the rate agreed by both parties.

### Interest income

Interest income from inter-company loans is recognised when it is probable that the economic benefit will flow to the company and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at a rate of 1.0% above the average LIBOR rate per annum. Interest income from saving accounts is recognised when the interest payment is received.

### Government grants

Government grants are not recognised at their fair value until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

## **1.5 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **1.6 Intangible assets other than goodwill**

The Group recognises with the statement of financial position, costs associated with the acquisition of patents, licences and development costs.

### (i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at the cost less accumulated impairment losses.

### (ii) Internally-generated intangible assets (Patents and licences and development expenditure)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefit;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributed to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided at the following annual rates:

Intellectual property - Straight line over 10 years

Patent applications are capitalised once they have been successful and are amortised over its useful economic life.

Subsequent development expenditure which meets the criteria for capitalisation as an intangible asset is capitalised in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

#### (iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no further economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### (iv) Impairment of intangible assets

At the end of each reporting period the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful economic lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is considered to be the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to leasehold property - Straight line between over 5 years

Plant and equipment - Straight line between 3 and 10 years

Computers & Office equipment - Straight line between 3 and 5 years

ALD & major equipment - Straight line over 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

### **1.8 Non-current investments**

Interests in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

### **1.9 Borrowing costs related to non-current assets**

Borrowing costs directly attributable to fund research and development projects are recognised in profit or loss in the period which they are incurred.

### **1.10 Impairment of tangible and intangible assets**

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **1.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **1.12 Financial assets**

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The parent company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

## **1.13 Financial liabilities**

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

### ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or

- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### ***Derecognition of financial liabilities***

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

#### **1.14 Equity instruments**

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

#### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **1.16 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event and it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **1.17 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Share-based payment arrangements: transactions of the company

Equity-settlement share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments, on which the Group's operations are based, but are not contractually held within this Group, are set out in the notes to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Termination benefits are recognised immediately as an expense when the group is demonstrably



committed to terminate the employment of an employee or to provide termination benefits.

### **1.18 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## **2 Critical accounting estimates and judgements**

Key estimates and assumptions are mostly founded on historical experiences and future expectations. In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **(i) Revenue Recognition:**

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods and services set out in IFRS 15 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods and services. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.

#### **ii) Control over subsidiaries**

The directors of the company assessed whether or not the Group has control over its subsidiaries based on whether the Group has the practical ability to direct the relevant activities of its subsidiaries unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in its subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of its subsidiaries and therefore the Group has control over its subsidiaries.

#### **(iii) Impairment of Goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### **(iv) Useful lives of patents, licences and development costs**

The Group reviews the estimated useful lives of its other intangible assets at the end of each reporting period. This is due to the fast evolving industry in which the company operates. During the current year, the directors determined that the useful lives of certain patents and development costs should be shortened, due to developments in technology.

#### **v) Useful lives of property plant and equipment**

The Group reviews the estimated useful lives of its property plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of the items of property plant and equipment were appropriate.

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest pound unless otherwise stated.

### Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

### Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which were unpaid. The amounts are unsecured and are usually paid within the suppliers credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of there vision and future periods if the revision affects both current and future periods.

### 3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Rendering of services	-	152,800
	2021	2020
	£	£
Other significant revenue		
Interest income	124	33
Grants received	335,374	401,582

All revenue is generated from UK based operations deriving from the rendering of consultancy services.

#### 4 Operating loss

	2021	2020
	£	£
Operating loss for the period is stated after charging/(crediting):		
Government grants	(335,374)	(401,582)
Depreciation of property, plant and equipment	47,256	52,062
Amortisation of intangible assets	207,325	207,411

#### 5 Employees

The average monthly number of persons (including directors) employed by the group during the 6 Months was:

	2021	2020
	Number	Number
Management	3	3
Administrative	4	4
Engineers	14	11
Total	21	18

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	446,098	320,411
Social security costs	50,185	34,207
Pension costs	47,671	19,784
	543,954	374,402

#### 6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	59,974	41,133
Company pension contributions to defined contribution schemes	20,280	13,578
	80,254	54,711

#### 7 Investment income

	2021	2020
	£	£
<b>Interest income</b>		
Bank deposits	124	33

#### 8 Finance costs

	2021	2020
	£	£
Interest on bank overdrafts and loans	17,801	-
Other interest payable	33,615	27,661
Total interest expense	51,416	27,661

## 9 Intangible assets

Group	Goodwill £	Intellectual Property £	Total £
<b>Cost</b>			
At 1 April 2020 - As restated	263,993	4,821,066	5,085,059
At 30 September 2020	263,993	4,821,066	5,085,059
Additions 6 months to March 2021	-	505,416	505,416
Disposal 6 months to March 2021	(837)	(49,648)	(50,485)
At 30 September 2021	263,156	5,276,834	5,539,990
<b>Amortisation and impairment</b>			
At 1 April 2020 - As restated	263,490	1,091,708	1,355,198
Charge for the 6 months to September 2020	84	207,327	207,411
At 30 September 2020	263,574	1,299,035	1,562,609
Charge for the 6 months March 2021	-	207,327	207,327
Charge for the 6 months to September 2021	-	207,325	207,325
Eliminated on disposals	(418)	-	(418)
At 30 September 2021	263,156	1,713,687	1,976,843
<b>Carrying amount</b>			
At 30 September 2021	-	3,563,147	3,563,147
At 30 September 2020	419	3,522,031	3,522,450

There were no additions or disposals in the 6 month period to 30 September 2021 nor 30 September 2020.

The carrying amount above have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### Goodwill

On the 31 March 2014 the company acquired 100% of the ordinary share capital of Leading Technology Developments Ltd, a company incorporated in England and Wales. This business combination has been accounted for under acquisition accounting. Goodwill arising on consolidation for this acquisition is £263,156. The disposal in the period relates to Siddons Furniture Limited, a company incorporated in England and Wales. The business combination was accounted for under acquisition accounting. Goodwill arising on consolidation of this acquisition was £837.

### Intellectual Property

Intellectual property relates to licence, patent costs and “know how”

## 10 Intangible assets

Company	Intellectual property £
<b>Cost</b>	
At 1 April 2020	4,571,418
At 30 September 2020	4,571,418
Additions 6 month period March 2021	505,416
At 30 September 2021	5,076,834
<b>Amortisation and impairment</b>	
At 1 April 2020	1,071,708
Charge for the 6 months September 2020	197,326
At 30 September 2020	1,269,034
Charge for the 6 months March 2021	197,327
Charge for the 6 months September 2021	197,326
At 30 September 2021	1,663,687
<b>Carrying amount</b>	
At 30 September 2021	3,413,147
At 30 September 2020	3,302,384

There were no additions or disposals in the 6 month period for 30 September 2021 nor 30 September 2020.

Intangible assets with a carrying amount of £3,413,147 (2020: £3,302,384) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity

Intellectual property relates to licence, patent costs and 'know how'.

## 11 Property, plant and equipment

Group	Improvements to leasehold property £	Fixtures and fittings £	Plant and equipment £	Computers & Office equipment £	ALD & major equipment £	Total £
<b>Cost</b>						
At 1 April 2020	314,294	3,329	523,653	306,155	598,525	1,745,956
At 30 September 2020	314,294	3,329	523,653	306,155	598,525	1,745,956
Additions 6 months to March 2021	-	-	3,178	-	-	3,178
Additions 6 months to September 2021	-	-	10,535	1,279	-	11,813
At 30 September 2021	314,294	3,329	537,366	307,434	598,525	1,760,947
<b>Accumulated depreciation and impairment</b>						
At 1 April 2020	307,018	3,329	290,185	258,256	237,014	1,095,802
Charge for the 6 months to September 2020	2,014	-	19,113	12,902	18,033	52,062
At 30 September 2020	309,032	3,329	309,298	271,158	255,047	1,147,864
Charge for the 6 months to March 2021	1,658	-	18,880	11,194	18,033	49,765
Charge for the 6 months to September 2021	931	-	19,198	9,094	18,033	47,256
At 30 September 2021	311,621	3,329	347,376	291,446	291,113	1,244,885
<b>Carrying amount</b>						
At 30 September 2021	2,673	-	189,990	15,988	307,412	516,062
At 30 September 2020	5,262	-	214,355	34,997	343,478	598,092

## 12 Property, plant and equipment

Company	Plant and equipment £	Computer and office equipment £	Total £
<b>Cost</b>			
At 30 September 2020	67,620	43,678	111,298
At 30 September 2021	67,620	43,678	111,298
<b>Accumulated depreciation and impairment</b>			
At 30 September 2020	67,620	43,678	111,298
At 30 September 2021	67,620	43,678	111,298
<b>Carrying Amount</b>			
At 30 September 2020	-	-	-
At 30 September 2021	-	-	-

## 13 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Voting
Deregallera Ltd	England & Wales	Research & Development	Ordinary	100.00	100.00
Deregallera Technology Ltd	England & Wales	Dormant	Ordinary	100.00	100.00
Leading Technology Developments Ltd	England & Wales	Provision of Research & Development	Ordinary	100.00	100.00

## 14 Investments

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Investments in subsidiaries	-	-	301,500	301,500

## Movements in non-current investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 30 September 2020 and 30 September 2021	301,500
<b>Carrying amount</b>	
At 30 September 2021	301,500
At 30 September 2020	301,500

## 15 Trade and other receivables

Group	2021 £	2020 £
VAT recoverable	38,637	387
Other receivables	92,319	877
Prepayments	48,067	27,768
	179,023	29,032

## 16 Trade and other receivables

Company	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Trade receivables	5,500	-	-	-
VAT recoverable	17,204	386	-	-
Amounts owed by subsidiary undertakings	-	20,000	-	112,451
Other receivables	-	13	-	-
Prepayments	24,665	10,568	-	-
	<u>47,369</u>	<u>30,967</u>	<u>-</u>	<u>112,451</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

## 17 FINANCIAL INSTRUMENTS

The Group is exposed to credit and liquidity risk which arises in the normal course of the Group's business.

### Capital Management

The Group's policy is to maintain a strong capital base so as to secure investor's funds and to sustain further development of the business. Management also seeks additional funding from contracted sales and government grants. Expenditure on capital equipment and various research and development projects are under regular review and detailed cost control. Surplus funds are kept in business savings accounts offering best rates.

The Group is currently seeking third round investment to accelerate the ongoing research and development projects and fund new projects in the pipeline.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's principal financial assets are bank balances, amounts due to/from other companies within the DG Innovate Group and other receivables. These represent the Group's maximum exposure to credit risk in relation to financial assets.

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### Recognised assets and liabilities

Cash and cash equivalents comprise cash held by the Group. Other receivables represent amounts receivable from other companies within the DG Innovate Group for sale of goods, services, management charges and licence fees. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of the assets and liabilities approximate to their fair value.

## 18 Borrowings

Group	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Other loans	685,904	-	891,151	565,028
			<b>2021</b>	<b>2020</b>
			£	£
<b>Secured borrowings included above:</b>				
Other loans			1,227,055	565,028

The shareholder lenders have given consent to DG Innovate Ltd to defer the repayment of the loan and accrued interest payable while DG Innovate Ltd is progressing with its fundraising activities.

The conditional sale and purchase agreement exchanged with Path Investment Plc. on 12 August 2021 states that the shareholders' loans and accrued interest will be repaid after the merger, which is expected to take place during the first quarter of calendar year 2022. Therefore the loans as at the 30 September 2021 are still classified as non current liabilities in these financial statements.

Other borrowings included £350,000 advanced in 2021 under the UK government CBILS loan scheme. The loan is for a 60 month period with annual fixed interest of between 10.10% and 10.20%. The first years interest is paid by the UK government and amounts to £17,801 for the element included in these financial statements, this has been included in the income statement as grant income.

The above borrowings include £600,000 advanced in 2021 relating to a loan secured by a fixed and a floating charge over DG Innovate's Ltd assets. The charge has been registered on the 13 August 2021. The loan carries interest at 6% pa.

Unsecured borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

The company has provided a legal mortgage by way of a fixed and floating charge over all its property and assets on the secured loan.

## 19 Borrowings

Company	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Other loans	624,195	-	602,860	565,028
			<b>2021</b>	<b>2020</b>
			£	£
<b>Secured borrowings included above:</b>				
Other loans			1,227,055	565,028

The shareholder lenders have given consent to DG Innovate Ltd to defer the repayment of the loan and accrued interest payable while DG Innovate Ltd is progressing with its fundraising activities.

The conditional sale and purchase agreement exchanged with Path Investment Plc. on 12 August 2021 states that the shareholders' loans and accrued interest will be repaid after the merger, which is expected to take place during the first quarter of calendar year 2022. Therefore the loans as at the 30 September 2021 are still classified as non current liabilities in these financial statements.

The company has provided a legal mortgage by way of a fixed and floating charge over all its property and assets to the above loans.



## 20 Trade and other payables

Group	2021	2020
	£	£
Trade payables	171,041	268,298
Accruals	53,786	30,613
Social security and other taxation	91,476	72,324
Other payables	62,287	122,771
	<u>378,590</u>	<u>494,006</u>

## 21 Trade and other payables

Company	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Trade payables	93,107	343	-	-
Amounts owed to subsidiary undertakings	-	-	247,971	-
Accruals	42,633	4,650	-	-
Social security and other taxation	7,266	3,175	-	-
Other payables	56,991	125,682	-	-
	<u>199,997</u>	<u>133,850</u>	<u>247,971</u>	<u>-</u>

## 22 Provisions for liabilities

	2021	2020
	£	£
Provision for dilapidations	50,000	50,000

All provisions are expected to be settled after more than 12 months from the reporting date.

## 23 Deferred revenue

Group	2021	2020
	£	£
Arising from government grants	<u>13,750</u>	<u>16,250</u>

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

	2021	2020
	£	£
Current liabilities	2,500	2,500
Non-current liabilities	11,250	13,750
	<u>13,750</u>	<u>16,250</u>

## 24 Retirement benefit schemes

### Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £67,951 (2020 - £33,362)

## 25 Share-based payment transactions

DG Innovate Ltd has established an Enterprise Management Incentives (EMI) scheme as part of a plan to incentivise employees where the options are granted to recruit and retain employees. DG Innovate Ltd EMI Share Option Agreement and Share Option Plan rules are produced to set up this scheme. HMRC has agreed to allow the purchase price for employees (the exercise price) to be 0.01p per share.

This is a tax-advantaged share option scheme to grant options to selected employees to allow them to acquire shares over a prescribed period, provided that the following conditions are met:

- There is no tax charge on the exercise of an EMI option providing it was granted at market value;

- If the company's share price has increased in value between the time of grant and exercise the uplift is not charged to Income Tax;
- There will be a Capital Gains Tax (CGT) charge when the employee disposes of his/her shares and proceeds exceed market value at the option grant date.

An option may be exercised only in the event of a sale, takeover or admission. The directors may exercise their discretion and permit the exercise of an option in whole or in part on such terms as they may determine at any time before the tenth anniversary of the date of grant. In the event of a takeover or sale, the option may only be exercised if the option holder has agreed in writing, in a manner acceptable to the directors, to exercise and to sell their shares in the Group. In any event, an option shall not be exercisable if or insofar as such option has lapsed and ceased to be exercisable in accordance with the Share Option Plan Rules.

The exercise of an option is normally subject to continued employment. Eligible employees are contracted to work a minimum of 25 hours a week, if less, 75% of their working time and must have no material interest in any of the companies within the DG Innovate Ltd Group. Staff are eligible for the bonus option shares depending on the number of additional hours worked. The number of bonus share options issued will be limited to 50% of the granted core share options.

There are no further performance conditions associated with above share options.

All share-based employee remuneration will be settled in equity.

## 25 Share-based payment transactions

	Number of share options	
	2021	2020
Outstanding at 1 April 2021	31,800	57,000
Forfeited in the period	-	(10,800)
Outstanding at 30 September 2021	31,800	46,200
Exercisable at 30 September 2021	-	-

## 26 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital</b>				
<i>Issued and fully paid</i>				
Ordinary A Shares of 1p each	730,635	630,635	7,306	7,306
Ordinary B Shares of 1p each	730,625	630,625	7,306	7,306
	1,461,260	1,261,260	14,612	14,612

The ordinary share capital holds rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of winding up or sale. Attached to the shares are the rights to receive dividends. Refer to the share based payment note for further information relating to the Enterprise Management Incentives Scheme operated by the company which extends to the employees of the DG Innovate Group ("The Group").

## 27 Share premium account

	2021	2020
	£	£
At the 30 September 2021 and 2020	2,082,694	2,082,694

## 28 Related party transactions

### Remuneration of key management personnel

Amounts transacted with members of key management personnel during the period to 30 September 2021 and the prior period are as follows:

	2021	2020
	£	£
Short-term employee benefits	85,480	58,569

During the year Nil shares (2020: Nil shares) of £0.01 per share were granted as options for key management personnel under the DG Innovate Ltd Enterprise Management Incentives scheme.

### Other transactions with related parties

During the 6 Months the group entered into the following transactions with members of the Group:

	Management fee		Interest	
	2021	2020	2021	2020
	£	£	£	£
Subsidiaries	10,000	4,500	215	349

### 28 Related party transactions

As at 30 September 2021, the company had the following balances with its subsidiaries:

	2021	2020
Amounts due to related parties	£	£
Subsidiaries	247,971	-

Of the above, £247,971 (2020: £Nil) has been included within creditors falling due after one year. There are no set terms or fixed repayment dates.

All transactions and balances between DG Innovate Ltd and its subsidiaries are eliminated on consolidation.

As at 30 September 2021, the company had the following balances with its subsidiaries:

	2021	2020
Amounts due from related parties	£	£
Subsidiaries	-	132,451

Of the above in 2020, £20,000 has been included within debtors falling due within one year. The remaining £112,451 has been included within debtors falling due after one year. There are no set terms or fixed repayment dates. All transactions and balances between DG Innovate Ltd and its subsidiaries are eliminated on consolidation.

### Other information

During the period ended 30 September 2021, a company in which M Boughtwood is a shareholder and director, provided consultancy services to the Group of £Nil (2020: £69,120). At the period end 30 September 2021 there was £Nil (2020: £82,957) owed to Ionotica Limited.

### 29 Cash (absorbed by)/generated from operations

	2021	2020
	£	£
Loss for the 6 Months after tax	(854,050)	(407,526)
<b>Adjustments for:</b>		
Finance costs	33,615	27,661
Investment income	(124)	(33)
Amortisation and impairment of intangible assets	207,327	207,411
Depreciation and impairment of property, plant and equipment	47,255	52,062
<b>Movements in working capital:</b>		
Decrease in trade and other receivables	92,252	76,965
Increase in trade and other payables	30,774	154,755
Decrease in deferred revenue outstanding	(1,250)	(1,250)
<b>Cash (absorbed by)/generated from operations</b>	<b>(444,201)</b>	<b>110,045</b>

## PART XI. CAPITALISATION AND INDEBTEDNESS

### SECTION (A) - CAPITALISATION AND INDEBTEDNESS OF THE DG INNOVATE GROUP

The following table shows DG Innovate Ltd's capitalisation and indebtedness as at 30 September 2021 and 31 December 2021 respectively and has been extracted without material adjustment from the financial information which is set out in Part X.

	<i>30 September 2021 (£'000)</i>
<b><i>Total Current Debt</i></b>	
Guaranteed	
Secured	624
Unguaranteed/Unsecured	61
<b><i>Total Non-Current Debt</i></b>	
Guaranteed	
Secured	603
Unguaranteed/Unsecured	288
	<i>30 September 2021 (£'000)</i>
<b><i>Shareholder Equity</i></b>	
Share Capital	15
Share premium	2,082
Retained earnings	500
<b>Total</b>	<b>2,597</b>

As at 11 March 2022, being the latest practicable date prior to the publication of this document, there has been no material change in the capitalisation of DG Innovate Ltd since 30 September 2021.

The following table sets out the unaudited net funds of DG Innovate Ltd as at 31 December 2021 and has been extracted without material adjustment from the financial information which is set out in Part XII.

	<i>31 December 2021 (£'000)</i>
A. Cash	60
B. Cash equivalent	-
C. Trading securities	-
D. Liquidity (A) + (B) + (C)	<u>60</u>
E. Current financial receivable	99
F. Current bank debt	75
G. Current portion of non-current debt	-
H. Other current financial debt	640
I. Current Financial Debt (F) + (G) + (H)	715
J. Net Current Financial Indebtedness (I) - (E) - (D)	<u>556</u>
K. Non-current Bank loans	271
L. Bonds Issued	-
M. Other non-current loans	612
N. Non-current Financial Indebtedness (K) + (L) + (M)	883
O. Net Financial Indebtedness (J) + (N)	<u>1,439</u>

As at 31 December 2021, DG Innovate Ltd had no indirect or contingent indebtedness.

As at 11 March 2022, being the latest practicable date prior to the publication of this document, there has been no material change in the indebtedness of DG Innovate Ltd since 31 December 2021.

## SECTION (B) - CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

The following table shows the Company's capitalisation and indebtedness as at 30 June 2021 and 31 December 2021 respectively and has been extracted without material adjustment from the financial information which is set out in Part IX.

	<i>30 June 2021</i> <i>(£'000)</i>
<b><i>Total Current Debt</i></b>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
<b><i>Total Non-Current Debt</i></b>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
	<i>30 June 2021</i> <i>(£'000)</i>
<b><i>Shareholder Equity</i></b>	
Share Capital	2,029
Share premium	27,508
Capital redemption reserve	8,784
Retained earnings	(36,196)
<b>Total</b>	<b>2,125</b>

As at 11 March 2022, being the latest practicable date prior to the publication of this document, there has been no material change in the capitalisation of the Company since 30 June 2021.

The following table sets out the unaudited net funds of the Company as at 31 December 2021 and has been extracted without material adjustment from the financial information which is set out in Part XII.

	<i>31 December 2021 (£'000)</i>
A. Cash	686
B. Cash equivalent	-
C. Trading securities	-
D. Liquidity (A) + (B) + (C)	<u>686</u>
E. Current financial receivable	600
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	-
I. Current Financial Debt (F) + (G) + (H)	<u>-</u>
J. Net Current Financial Indebtedness (I) - (E) - (D)	(1,286)
K. Non-current Bank loans	-
L. Bonds Issued	-
M. Other non-current loans	-
N. Non-current Financial Indebtedness (K) + (L) + (M)	-
O. Net Financial Indebtedness (J) + (N)	<u><b>(1,286)</b></u>

As at 31 December 2021, The Company had no indirect or contingent indebtedness.

As at 11 March 2022, being the latest practicable date prior to the publication of this document, there has been no material change in the indebtedness of the Company since 31 December 2021.

**PART XII. UNAUDITED PRO FORMA FINANCIAL INFORMATION**  
**SECTION (A) – ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

PKF Littlejohn LLP



The Directors  
Path Investments Plc  
15 Victoria Mews  
Cottingley Business Park  
Millfield Road  
Bingley  
BD16 1PY

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

14 March 2022

Dear Sirs,

**Readmission to London Stock Exchange Standard Segment (“LSE Standard Listing”) of Path Investments Plc (CRN 09889720) (the “Company”) and the acquisition of the DG Innovate Ltd (“DGI”) (together the “Enlarged Group”) (“the Proposed Transaction”)**

***Introduction***

We report on the unaudited pro forma statement of net assets and income statement (the “Pro forma Financial Information”) set out in Part XII Section B of Path Investments Plc (the “Company”) prospectus (the “Prospectus”) dated 14 March 2022, which has been prepared on the basis described in notes 1 to 6, for illustrative purposes only, to provide information about how the transaction might have affected the net assets presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2021. This report is required by Annex 1, Section 18, Item 18.4.1 of the PR Regulation and is given for the purpose of complying with that requirement and for no other purpose.

***Responsibilities***

It is the responsibility of the directors (the “Directors”) of the Company to prepare the Pro forma financial information in accordance with Annex 1, Section 18, Item 18.4.1 of the PR Regulation.

It is our responsibility to form an opinion, in accordance with Annex 1 item 18.4.1 of the PR Regulation, as to the proper compilation of the Pro forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rules 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, Section 1, Item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.



***Basis of Opinion***

We conducted our work in accordance with the Standards for Investment Reporting (SIR) 4000 issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma Financial information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

***Opinion***

In our opinion:

- (a) the Pro forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

***Declaration***

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

Yours faithfully

PKF Littlejohn LLP  
*Reporting accountant*

## **SECTION (B) – UNAUDITED PRO FORMA FINANCIAL INFORMATION**

Set out below is an unaudited pro forma statement of net assets and income statement of path Investments Plc (“the Company”) and DG Innovate Ltd (together “the Enlarged Group”) as at 30 June 2021. The unaudited pro forma net assets and income statement of the Enlarged Group for the six month period ending 30 June 2020 has been prepared on the basis set out in the notes below and in accordance with item 18.4.1 of Annex 1 of the PR Regulation to illustrate the impact of the Subscription and proposed acquisition as if it had taken place on 1 January 2021.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma information is based on the unaudited net assets of the Company and DG Innovate Ltd as at 30 June 2021 included by reference and as shown in Part XV and Part X respectively (Historical Financial Information). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2021 and 30 September 2021, being the date of the last published balance sheet of the Company and DG Innovate.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part.

## Unaudited pro forma statement of net assets at 30 June 2021

	The Company Net assets as at 30 June 2021 (Note 1) £'000	DG Innovate Ltd Net assets as at 30 September 2021 (Note 2) £'000	Issue of Subscription Shares and Warrant Shares net of costs (Note 3) £'000	Unaudited pro forma adjusted net assets of the Enlarged Group on admission £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	-	3,563	-	3,563
Property, plant and equipment	86	516	-	602
	<b>86</b>	<b>4,079</b>	<b>-</b>	<b>4,165</b>
<b>Current assets</b>				
Trade and other receivables	45	179	-	224
Current tax recoverable	-	53	-	53
Cash and cash equivalents	2,267	311	3,527	6,105
	<b>2,312</b>	<b>543</b>	<b>3,527</b>	<b>6,382</b>
<b>Total assets</b>	<b>2,398</b>	<b>4,622</b>	<b>3,527</b>	<b>10,547</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	-	891	-	891
Deferred tax liabilities	-	6	-	6
Long term provision	-	50	-	50
Deferred revenue	-	11	-	11
	<b>-</b>	<b>958</b>	<b>-</b>	<b>958</b>
<b>Current liabilities</b>				
Trade and other payables	272	378	-	650
Borrowings	-	686	-	686
Deferred Revenue	-	3	-	3
	<b>272</b>	<b>1,067</b>	<b>-</b>	<b>1,339</b>
<b>Total liabilities</b>	<b>272</b>	<b>2,025</b>	<b>-</b>	<b>2,297</b>
<b>Total assets less total liabilities</b>	<b>2,126</b>	<b>2,597</b>	<b>3,527</b>	<b>8,250</b>

### Notes

The pro forma statement of net assets has been prepared on the following basis:

- (1) The unaudited net assets of the Company as at 30 June 2021 have been extracted without adjustment from the Historic Financial Information to which is incorporated by reference in Part IX of this document.
- (2) The net assets of DG innovate Ltd as at 30 September 2021 have been extracted without adjustment from the Historic Financial Information included in Part X Section C of this document.
- (3) An adjustment has been made to reflect the proceeds of the Subscription Shares and Warrants (0.25). The Subscription Shares consisted of 510,000,000 Ordinary Shares of the Company at an issue price of 0.5 pence per Ordinary Share. The Warrant Shares exercised consisted of 830,800,000 Ordinary Shares of the Company at an issue price of 0.25 pence per Ordinary Share. The adjustment is net of an adjustment to reflect the payment in cash of admission costs estimated at approximately £1.1 million inclusive of any non-recoverable sales taxes.
- (4) No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - (i) the Company since 30 June 2021;
  - (ii) DG Innovate Ltd since 30 September 2021;
  - (iii) The acquisition accounting for the purchase of DG Innovate Ltd. The acquisition consideration is in shares of the Company and is anticipated to be a reverse takeover. As a result, the acquisition accounting falls outside the scope of IFRS 3 and is unlikely to have an impact on the net assets of the Enlarged Group.
- (5) The pro forma statement of net assets does not constitute financial statements.

## Unaudited pro forma income statement for the unaudited period ended 30 June 2021

	The Company Income statement for six months to 30 June 2021 (Note 1)	DG Innovate Ltd Income statement for the six months to 30 September 2021 (Note 2)	Unaudited pro forma adjusted income statement of the Enlarged Group on Admission
	£'000	£'000	£'000
Revenue	-	-	-
Cost of sales	-	-	-
<b>Gross profit/(loss)</b>	-	-	-
Administration expenses	(736)	(1,139)	(1,875)
Other operating income	-	337	337
Other gains and losses	-	(51)	(51)
<b>Loss before tax</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>
Tax	-	-	-
<b>Loss from continuing operations</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>
<b>Other comprehensive income</b>			
Translations of foreign operations	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(736)</b>	<b>(854)</b>	<b>(1,589)</b>

### Notes

The pro forma statement of net assets has been prepared on the following basis:

- (1) The unaudited income statement of the Company as at 30 June 2021 have been extracted without adjustment from the Historic Financial Information to which is incorporated by reference in Part IX of this document.
- (2) The unaudited income statement of DG Innovate Ltd as at 30 September 2021 have been extracted without adjustment from the Historic Financial Information which is set out in Part X Section C of this document.
- (3) No adjustments have been made to reflect the trading or other transactions of the Enlarged Group since 30 June 2021.

## PART XIII. TAXATION

### United Kingdom Taxation

The following statements are intended only as a general guide to United Kingdom tax legislation and to the current practice of HMRC and do not constitute tax advice. They may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.

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

Transfers on the sale of existing Shares held in certificated form will generally be subject to UK stamp duty at the rate of 0.5% of the amount or value of the consideration given for the transfer (rounded up to the nearest £5). However, an exemption from stamp duty will be available on an instrument transferring existing Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the stamp duty.

An unconditional agreement to transfer existing Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. However, if a duly stamped or exempt transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of existing Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system (but in practice the cost will be passed on to the purchaser). Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in the form of money or money's worth.

#### ***Dividends – individuals***

The following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company.

UK resident individuals are entitled to a nil rate of income tax on the first £2,000 of dividend income in a tax year (the "**Nil Rate Amount**"). Any dividend income received by a UK resident individual Shareholder in respect of the Shares in excess of the Nil Rate Amount will be subject to income tax at a rate of 7.5% to the extent that it is within the basic rate band, 32.5% to the extent that it is within the higher rate band and 38.1% to the extent that it is within the additional rate band.

#### ***Dividends – corporations***

A corporate Shareholder who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009.

It is anticipated that dividends paid on the Shares to UK tax resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes. Such Shareholders, however, are advised to consult their independent professional tax advisers to determine whether such dividends will be subject to UK corporation tax. If the dividends do not fall within any of the exempt classes, they will be subject to corporation tax, (currently at a rate of 19%).

The Company will not be required to withhold tax at source when paying a dividend.

#### ***Other Jurisdictions***

Shareholders resident for tax purposes outside the UK may be subject to foreign taxation on dividends received on their New Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Non-UK

resident shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received or other taxation consequences arising from their ownership of the New Ordinary Shares.

### ***Disposal of shares acquired under the Subscription***

A Shareholder who is an individual resident or ordinarily resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised at a rate of 10% for basic rate taxpayers and 20% for higher rate and additional rate taxpayers.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.

A Shareholder who is not resident or ordinarily resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

**These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this Document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.**

#### **(1) Dividends**

##### **(a) *Withholding at source***

The Company will not be required to withhold at source on account of UK tax when paying a dividend.

##### **(b) *Individual Shareholders***

From 6 April 2016 dividends paid by a UK company no longer carry a tax credit. An individual Shareholder who is resident in the UK (for UK tax purposes) and who receives a dividend from the Company and is liable to income tax only at the basic rate will be subject to tax on the dividend at the rate of 7.5 per cent. of the dividend received. An individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the dividend received at the rate of 32.5 per cent. An individual Shareholder who is liable to tax at the additional rate will be liable to tax on the dividend received at the rate of 38.1 per cent. The dividend will be regarded as the top slice of the Shareholder's income. Individuals may be entitled to an annual tax-free dividend allowance of £2,000.

For Trustees the rate of income tax on dividends is 38.1 per cent. where total trust income exceeds £1,000. Individual Shareholders who are not a resident in the UK for tax purposes should consult their own advisors concerning their tax liabilities on dividends received.

##### **(c) *Other Shareholders***

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the dividends paid by the Company would normally be exempt. UK pension funds and charities are generally exempt from tax on dividends which they receive.

#### **(2) Chargeable Gains**

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for New Ordinary Shares will generally constitute the base cost of his or her holding of New Ordinary

Shares. If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his or her New Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate Shareholders, indexation allowance may apply to any amount paid for the New Ordinary Shares.

The current rate of capital gains tax for individuals liable to income tax at the higher or additional rate is 20 per cent. Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band (£50,000 for 2020/21) are subject to capital gains tax at the rate of 10 per cent., except to the extent that the aggregate of their total taxable income and chargeable gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 20 per cent. For trustees and personal representatives, the rate of capital gains tax is 20 per cent. Corporate Shareholders are liable to tax on capital gains at the prevailing rate of corporation tax (currently up to 20 per cent.). In certain circumstances a corporate Shareholder may qualify for the substantial shareholding exemption, which exempts certain gains from corporation tax on chargeable gains.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their New Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or, in case of a company, a permanent establishment with which their New Ordinary Shares are connected).

Individual Shareholders or holders who are temporarily non-UK resident may be liable to UK capital gains tax on chargeable gains realised during their period of non-residence on their return to the UK.

(3) **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The Statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

- (i) The allocation and issue of the New Ordinary Shares will not give rise to a liability to stamp duty or SDRT.
- (ii) Any subsequent conveyance or transfer on sale of shares or will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction exceeds £1,000. A charge to SDRT at the rate of 0.5 per cent will arise in relation to an unconditional agreement to transfer such shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.
- (iii) A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of shares) will generally be subject to SDRT at the rate of 0.5 per cent of the value of the consideration given.

The above statements are intended as a general guide to the current position. Certain categories of persons are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986, as amended.

## PART XIV. ADDITIONAL INFORMATION

### 1. Responsibility statements

The Existing Directors and the Proposed Directors whose names are set out on pages 61 to 62 of this Document and the Company accept responsibility for the information contained in this Document. To the best of their knowledge, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

### 2. The Company

- 2.1 The Company was incorporated and registered in England and Wales (where it remains domiciled) on 2 June 2000 under the Companies Act 1985 as a public company limited by shares with the name Hallco 459 plc and with registered number 4006413. On 28 November 2000, the Company changed its name to "The Niche Group PLC". On 20 February 2016 the Company changed its name to "Path Investments plc".
- 2.2 The Company is a public limited company and, accordingly, the liability of its members is limited. The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 2.3 The Company's registered office is at 15 Victoria Mews, Cottingley Business Park, Millfield Road, Bingley, BD16 1PY and its telephone number is +44 (0)20 3934 6632.
- 2.4 The accounting reference date of the Company is 31 December.
- 2.5 The accounting reference date has not been changed during the Company's last three financial years.
- 2.6 On 9 March 2004, the Company was granted a certificate under section 117 of the Companies Act 1985 entitling it to commence business.
- 2.7 As at the date of this Document the Company has two subsidiary undertakings, Path USA Holdings Limited and SPV 2020 Limited. Both subsidiaries are incorporated in England. Path owns the entire share capital of both subsidiaries.

### 3. Share capital of the Company

- 3.1 The issued share capital of the Company as at the Last Practicable Date is and is expected to be immediately following Admission as follows:

	<i>As at the Last Practicable Date</i>	<i>Immediately following Admission</i>
Aggregate nominal value	£2,029,463.8	£9,002,315.1
Number of Ordinary Shares	2,029,463,802	8,842,715,107

All of the issued share capital of the Company has been fully paid up.

- 3.2 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which two ordinary shares were issued (both of which were fully paid up) to the subscribers to the Company's memorandum of association.
- 3.3 On 18 December 2015 every 40 ordinary shares of £0.01 each in the capital of the Company were consolidated into one ordinary share of £0.40 each in the capital of the Company. This resulted in the total issued share capital of 857,808,863 ordinary shares of £0.01 each in the capital of the Company becoming 21,445,221 ordinary shares of £0.40 each in the capital of the Company.
- 3.4 Between 18 December 2015 and 10 October 2016, a total of 569,375 Ordinary Shares were issued by the Company.
- 3.5 On 10 October 2016 each ordinary share of £0.40 each in the capital of the Company was subdivided into 1 ordinary share of £0.001 each in the capital of the Company and 1 deferred share of £0.399 each in the capital of the Company. This resulted in the total issued share capital of 22,014,596 ordinary shares of £0.40 each in the capital of the Company becoming 22,014,596 ordinary shares of £0.001 each in the capital of the Company and 22,014,596 deferred shares of £0.399 each in the capital of the Company.
- 3.6 On 10 October 2016, the Articles were amended to reflect the share sub-division detailed in the



paragraph above and to permit the issue of an unlimited number of Ordinary Shares and Deferred Shares.

3.7 All of the Deferred Shares previously in issue were acquired by the Company on 1 October 2020 for no consideration and were cancelled.

3.8 The following table details the changes that have occurred in the share capital of the Company from 1 January 2018 (being the date of commencement of the period from which historical financial information on the Company has been provided in this Document) to the Last Practicable Date:

<b>Date of issue</b>	<b>Number of Ordinary Shares issued</b>	<b>Nominal value (£)</b>	<b>Total Number of ordinary shares issued</b>	<b>Number of Deferred Shares issued (Nominal value £0.399)</b>
18 March 2021	1,822,053,333	0.001	2,029,463,802	—
1 October 2020	—	0.001	207,410,469	—
14 July 2020	11,466,667	0.001	207,410,469	22,014,596

3.9 As at the Last Practicable Date, the Company had an issued share capital of £2,029,463.8 comprising 2,029,463,802 fully paid Ordinary Shares of £0.001 each.

3.10 Pursuant to an ordinary resolution of the Company passed at the Company's 2021 annual general meeting, the Directors are generally and unconditionally authorised under section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value not exceeding £3,000,000. The Subscription Shares will be allotted under this authority. Such authority expires at the end of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company), save that the Company may, before such expiry, make an offer or agreement which would or might require shares or equity securities (within the meaning of section 560 of Act) to be allotted or such rights granted, as the case may be, after such expiry and the Directors may allot shares in the Company or equity securities (within the meaning of section 560 of Act) in pursuance of such an offer or agreement as if the authority conferred by the ordinary resolution had not expired.

3.11 Pursuant to a special resolution passed at the Company's 2021 annual general meeting, the Directors are empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, under the authority conferred by the ordinary resolution detailed at paragraph 3.10 above, as if section 561 of the Act did not apply to any such allotments. Such powers expire on the conclusion of the next annual general meeting of the Company, 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 pursuant to such an offer or agreement notwithstanding that the power conferred by such resolution has expired.

3.12 Details of the existing options and warrants to subscribe for Ordinary Shares as at the date of this Document are set out below:

#### 3.12.1 Existing Options

<b>Option holder</b>	<b>Options</b>	<b>Exercise Price</b>	<b>Exercise Period</b>	<b>Total Options</b>
Christopher Theis	42,500,000	£0.001	8 October 2030	782,020,000
	739,520,000	£0.001	18 March 2031	
Andrew Yeo	17,875,000	£0.001	8 October 2030	231,625,000
	213,750,000	£0.001	18 March 2031	
Brent Fitzpatrick	162,820,000	£0.001	18 March 2031	162,820,000
John (Jack) Allardyce	62,500,000	£0.001	18 March 2031	62,500,000
Tommaso Corrado	40,000,000	£0.001	18 March 2022	40,000,000
Rakesh Patel (Adler Shine)	70,720,000	£0.001	18 March 2023	72,845,000
	1,000,000	£0.001	29 March 2027	
	750,000	£0.01	29 March 2027	
	375,000	£0.02	29 March 2027	

Option holder	Options	Exercise Price	Exercise Period	Total Options
Donal Boylan	3,000,000	£0.001	29 March 2027	10,687,500
	5,125,000	£0.01		
	2,562,500	£0.02		
<b>Total</b>				<b>1,362,497,500</b>

On 8 October 2020 Christopher Theis surrendered options over 42,500,000 Ordinary Shares in lieu of options over Ordinary Shares each with an exercise price of £0.001.

On 8 October 2020 Andrew Yeo surrendered options over 17,875,000 Ordinary Shares in lieu of options over Ordinary Shares each with an exercise price of £0.001.

On 9 March 2022 the option period of Rakesh Patel's options over 70,720,000 Ordinary Shares was extended by one year from 18 March 2022 to 18 March 2023.

### 3.12.2 Warrants.

Date of grant	Number of Ordinary Shares constituted under warrant instrument	Vesting Date	Exercise	
			Price (pence)	Expiry of exercise Period
18 March 2021	40,800,000	18 March 2021	£0.0025	10 days following Completion
18 March 2021	790,000,000	18 March 2021	£0.0025	10 days following Completion
18 March 2021	790,000,000	18 March 2021	£0.005	12 months following Completion <sup>6</sup>
9 March 2022	670,400,000	Admission	£0.01	12 months following Admission
<b>2,291,200,000</b>				

The Company has received irrevocable exercise notices, conditional on Admission, in respect of 830,800,000 Warrants (0.25) each with an exercise price of £0.0025.

### 3.13 LTIP summary

#### (i) Overview

On 9 March 2022 the Board adopted the LTIP conditional on Admission. The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees options to acquire nominal cost options over Shares (**LTIP Options**). It is intended that LTIP Options will include both tax-advantaged enterprise management incentive options under Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 and as well as unapproved options. Please see paragraph 3.14 of this Part XIV of the Document for details of the LTIP Options that have been granted by the Board conditionally on Admission.

#### (ii) Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

#### (iii) Grant of LTIP Options

LTIP Options may only be granted during:

(a) the six-week period after:

(i) the LTIP is adopted by the Company; or

(ii) the end of a Closed Period (as defined in the UK Market Abuse Regulation 2014) (**Closed Period**)); or

(b) any other period which the Board decides, providing there are exceptional circumstances to justify such a decision.

<sup>6</sup> Subject to earlier lapsing provisions as detailed in the summary of the instrument in paragraph 12.11 below.

LTIP Options may not be granted at any time if it would be unlawful, in breach of the UK Market Abuse Regulation 2014, or in breach of any other regulation or guidance with which the Company complies. However, no LTIP Options may be granted more than 10 years from the date when the LTIP was adopted.

(iv) *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Options. Where performance conditions are specified for LTIP Options, the underlying measurement period for such conditions will ordinarily be three years. The proposed performance conditions for the first grant of LTIP Options are to be based on the achievement of operational performance targets over the performance period. Further grants of LTIP Options are to be subject to performance conditions set out at the time of grant.

Any performance conditions applying to LTIP Options may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Options.

(v) *Malus and Clawback*

The Board may decide, within certain time periods, that the number of Shares subject to an LTIP Option shall be reduced (including to nil) or, where such Shares have been acquired by the participant, recovered from him on such basis that the Board in its discretion considers to be fair and reasonable in circumstances such as:

(a) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company; or

(b) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct.

Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

(vi) *Vesting and exercise*

LTIP Options will normally vest and become exercisable on the third anniversary of the date of grant of the LTIP Option to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

(vii) *Cessation of employment*

Except in certain circumstances, set out below, an LTIP Option will lapse immediately upon a participant ceasing to be employed by or holding office with the Group. If a participant so ceases because of his ill-health, injury, disability, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an **LTIP Good Leaver Reason**), his LTIP Option will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant dies, a proportion of his LTIP Option will vest on the date of his death. The extent to which an LTIP Option will vest in these situations will be determined by the Board at its absolute discretion taking into account the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of 90 days following vesting and will otherwise lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

(viii) *Corporate events*

In the event of a takeover, scheme of arrangement, or winding-up of the Company, LTIP Options will vest early. The proportion of an LTIP Option which vests shall be determined by the Board taking into account, among other factors, the extent to which any applicable performance conditions have been satisfied at that time. In addition, vesting will be prorated to reflect the reduced period of time between grant and the relevant event as a proportion of the normal vesting period.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of 30 days measured from the relevant event (or in the case of takeover such long period as the Board determines) and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Options will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

(ix) *Awards not transferable*

LTIP Options are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Shares may be held by the trustees of an employee benefit trust as nominee for the participants.

(x) *Limits*

The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the LTIP provide that, in any period of 10 calendar years, no more than 10 per cent. of the Company's issued ordinary share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company. LTIP Options which are renounced or lapse shall be disregarded for the purposes of these limits.

(xi) *Variation of capital*

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to LTIP Options, including the number of Shares subject to LTIP Options and the option exercise price (if any), as it considers to be fair and reasonable.

(xii) *Dividend equivalents*

In respect of any LTIP Option, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that LTIP Option by reference to the period between the time when the LTIP Option was granted and the time when it vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

(xiii) *Rights attaching to Shares*

Shares issued and/or transferred under LTIP Options will not confer any rights on any participant until the relevant LTIP Option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an LTIP Option is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their issue).

(xiv) *Amendments*

The Board may, at any time, amend the provisions of the LTIP in any respect, including for minor amendments to benefit the administration of the LTIP, to take account of

a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for a Group company. Amendments may not normally materially adversely affect the existing rights of participants except where participants have approved such amendment.

(xv) *Benefits not pensionable*

The benefits received under the LTIP are not pensionable.

- 3.14 The following LTIP Options have been granted, conditional upon Admission, to the Directors, key management and employees.

Option holder	LTIP Options	Exercise Price	Vesting Period	Exercise Period
Christopher Theis	78,052,501	£0.001	3 years from Admission	10 years from Admission
Martin Boughtwood	156,105,002	£0.001	3 years from Admission	10 years from Admission
John (Jack) Allardyce	156,105,002	£0.001	3 years from Admission	10 years from Admission
Other Employees	173,539,518	£0.001	3 years from Admission	10 years from Admission
<b>TOTAL</b>	563,802,023			

Save for the Options and the Warrants as disclosed in this paragraph 3, there are no other options, warrants or convertible securities in issue.

- 3.15 On Admission, following completion of the Acquisition and the Subscription and the issue of the Warrant Shares the holders of Existing Ordinary Shares will suffer a dilution of 23.0 per cent. to their respective holdings of Ordinary Shares in the Company.
- 3.16 The New Ordinary Shares in issue following Admission will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the ordinary share capital.
- 3.17 The Company has no present intention to issue any further Ordinary Shares in the Company following Admission for the purposes of a capital raise.
- 3.18 Save as disclosed in paragraphs 3.12 and 3.14 above, on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 3.19 The Company does not have in issue any securities not representing share capital.
- 3.20 No Shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.21 Save as disclosed in this paragraph 3.8 of Part XIV of this Document, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this Document.
- 3.22 The Company paid ETX Capital commission of 6 per cent. of the aggregate value (based on the issue price of 0.25 pence) of the Ordinary Shares placed with institutional investors in March 2021. Save as disclosed in paragraphs 12.15 to 12.18 of Part XIV of this Document, no other commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this Document.
- 3.23 None of the New Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the New Ordinary Shares to be admitted to the Standard List of the Main Market of the London Stock Exchange other than pursuant to the Subscription.
- 3.24 The Ordinary Shares are in registered form and may be held in accordance with the Company's Articles in certificated form or in uncertificated form through CREST.
- 3.25 Save for the Warrants and Options there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or any undertakings to increase the capital of the Company.
- 3.26 The provisions of the Act confer on the Shareholders rights of pre-emption in respect of the allotment of equity securities and apply to the unissued share capital except to the extent dis-applied by the resolution referred to in paragraph 3.11 above.

- 3.27 The International Security Identification Number for the Ordinary Shares is GB00BYQD5059.
- 3.28 The Company has negative distributable reserves and is therefore prohibited under the Act from making distributions, including dividends, to its Shareholders. The Company intends therefore to cancel its share premium account and capital redemption reserve after Admission to create distributable reserves and eliminate its accumulated realised losses. As a result, any positive distributable reserves generated by the Company after the date on which cancellation of the share premium account and capital redemption reserve takes effect would be available for the Board to use for the purpose of paying dividends (should it be desirable to do so) in line with the Company's dividend policy set out in paragraph 11 in Part II of this Document. In accordance with the Act, the Company will seek shareholder approval to the reduction of the Company's capital by way of a special resolution and confirmation of the High Court of Justice in England and Wales.

#### 4. **Summary of new Articles of Association of the Company (New Articles)**

It is intended that the Company will adopt the New Articles on completion of the Acquisition, subject to shareholder approval at the GM. The New Articles are in the agreed form between the Company and the Sellers on the date of publication of this Document.

The New Articles contain, amongst other things (and subject to the relevant provisions of general English law and of the London Stock Exchange's Admission and Disclosure Standards and the FCA handbook, as appropriate) provisions to the following effect:

##### 4.1 *Shares*

The Company shall have one class of shares (ordinary shares) which shall rank *pari passu*. The directors may allot further shares in the Company where authorised to do so by ordinary resolution. The directors may allot these shares free of pre-emption rights in connection with a rights issue up to an aggregate nominal amount that is determined by special resolution.

##### 4.2 *Meetings of Members*

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Act.

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members for the time being of the Company. The notice shall specify the time and place of the meeting and the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting.

The appointment of a proxy shall be executed or authenticated in such manner as the Directors may have determined by or on behalf of the appointer.

A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

The quorum at a general meeting is six members present in person or by proxy who are entitled to vote on the relevant resolutions.

##### 4.3 *Voting Rights*

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. On a poll votes may be given either personally or by proxy.

##### 4.4 *Variation of Rights*

All or any of the special rights for the time being attached to any class of shares for the time being

issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy issued shares of the class or, at any adjourned meeting of such holders, one holder of shares of the relevant class who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a quorum.

#### 4.5 *Transfer of Shares*

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be as follows. Shares in certificated form shall be transferred in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by or on behalf of the transferee. Shares in uncertificated form shall be transferred by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

#### 4.6 *Dividends and other distributions*

There are no fixed dates on which an entitlement to dividends arises. The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall be forfeited and revert to the Company.

The Board may, if authorised by an ordinary resolution of the Company, direct payment of a dividend in whole or in part by the distribution of shares credited as fully paid instead of cash.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding up, the liquidator may, with the sanction of a special resolution and subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the member as the liquidator determines.

#### 4.7 *Restrictions on Shares*

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 793 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the following sanctions shall apply in respect of the shares in relation to which the default occurred ("**default shares**") unless the Board determines otherwise. A member shall not be entitled to be present or vote either personally or by proxy at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent of the class of shares concerned, no payment shall be made on any sums due from the Company on the default shares, whether in respect of capital or dividend or otherwise, and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the member and no transfer of any of the shares held by the member shall be registered unless it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer (as defined in Section 974 of the Act); or the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with other persons appearing to be interested in such shares; or the transfer results from a sale made through a recognised investment exchange as defined in the FSMA or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded. The prescribed period referred to above means 14 days from the date of service of the notice under

Section 793 of the Act.

#### 4.8 *Directors*

At the first annual general meeting of the Company following 1 January 2023, all the Directors then in office shall retire but shall be eligible for re-appointment. At every subsequent annual general meeting of the Company, any Director who has been appointed by the Board since the previous annual general meeting or for whom it is the third annual general meeting following the annual general meeting at which he or she was elected or last re-elected, shall retire from office but shall be eligible for re-appointment.

The Board may authorise any matter which relates to a situation in which a Director has an interest which conflicts or may conflict with the interests of the Company and which would, if not authorised, result in a breach of duty under section 175 of the Act.

Any Director may propose that a conflict is authorised by the Board and the Board may effect such proposal and authorisation in the same way as any other, save that any Director with an interest in the conflict must not count in the quorum nor vote on any resolution giving authorisation and may be excluded from any meeting while the conflict is under consideration. The terms of any authorisation must be recorded in writing, and the Board may revoke or vary the authorisation at any time.

Where the Board authorises a conflict it may make certain requirements including the exclusion of any interested Director from the receipt of information, the participation in discussion and the making of decisions in relation to the conflict, or it may impose terms on any such Director which he will be obliged to comply with. In addition, the Board may provide that confidential information obtained by any interested Director through the conflict need not be disclosed to the Company or used or applied for the benefit of the Company.

Save as otherwise provided by the articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract in which he is interested, except where that interest cannot be regarded as likely to give rise to a conflict of interest or where that interest arises only from one or more of the following matters:

- (i) any security, guarantee or indemnity for any money or any liability which the Director, or any other person, has lent or obligations the Director or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (ii) any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;
- (iii) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he or she is a holder of shares, debentures or other securities, or if he or she takes part in the underwriting or sub-underwriting of the offer;
- (iv) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him or her benefits which are also generally given to employees to whom the arrangement relates;
- (v) any arrangement involving any other company if the Director (together with any person connected with the Director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if he or she knows that he has a Relevant Interest;
- (vi) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and
- (vii) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

The Directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as Directors. Any Director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The Directors may pay



pensions and other benefits to, *inter alia*, present and past employees and Directors and may set up and maintain schemes for the purpose.

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than eight. There is no maximum number of Directors. A Director shall not be required to hold any shares of the Company by way of qualification. The quorum at board meetings is five directors. The minimum number of directors is eight.

The Company may change its name by resolution of the Board.

#### 4.9 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present 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.

#### 4.10 *Change of control*

There are no provisions in the Company's Articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company.

### 5. **Summary of the Articles of Association of the Company (Existing Articles)**

The Company's Existing Articles in force at the date of publication of this Document provide that general meetings (other than annual general meetings) may be called on not less than 14 clear days' notice. Subject to the provisions of the Existing Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the Company.

The notice shall specify the time and place of the meeting and the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Existing Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting. The appointment of a proxy shall be executed or authenticated in such manner as the Directors may have determined by or on behalf of the appointer. A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every Ordinary share held by him. On a poll votes may be given either personally or by proxy.

At every general meeting the necessary quorum shall be not less than two persons holding or representing by proxy issued shares of the class or, at any adjourned meeting of such holders, one holder of shares of the relevant class who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a quorum.

### 6. **New Articles of Association of DG Innovate (Subsidiary Articles)**

It is intended that DG Innovate adopts the Subsidiary Articles on or immediately following Completion of the Acquisition and Admission. The Subsidiary Articles are in the agreed form between the Company and the Sellers on the date of publication of this Document.

The Subsidiary Articles are standard articles suitable for a wholly-owned subsidiary of a parent company.

The Subsidiary Articles provide for only one class of ordinary shares in the capital of DG Innovate. DG Innovate currently has two classes of shares in issue. It is intended that on or immediately following completion of the Acquisition, DG Innovate's share classes are consolidated into one class which will then be regulated by the Subsidiary Articles. The new ordinary shares will rank *pari passu* with each other.

The Subsidiary Articles contain compulsory transfer provisions in the event that any shares are issued to any person other than the Company or its nominee in connection with the exercise of any options or other rights to subscribe for shares in DG Innovate which have been granted prior to the date of adoption of the Subsidiary Articles. In the event that any such Options are exercised and new shares issued, those shares shall be immediately transferred to the Controlling Member at par value.

## 7. **Substantial Shareholders**

- 7.1 The Company's issued share capital consists of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 7.2 Other than David Williams, the Concert Party and the shareholdings of Directors and connected persons which are set out in paragraph 5.1 of Part VII in this Document, there are no persons, so far as the Company is aware, who are or will be immediately following Admission holding voting rights (within the meaning of Rule 5 of the Disclosure, Guidance and Transparency Rules) in three per cent or more of the Company's issued ordinary share capital.
- 7.3 As at Admission Martin Boughtwood will be a director of the Company and will control the exercise of approximately 34.2% of the voting rights in the Company. He has therefore entered into the Relationship Agreement with the Company to ensure that all dealings by him and his Connected Persons with the Company are on an arm's length and normal commercial basis. A summary of the Relationship Agreement is in paragraph 12.6 of this Part XIV.
- 7.4 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of a Company.

## 8. **Existing Directors' and Proposed Directors' Service Agreements and Letters of Appointments**

The following service agreements and appointment letters have been entered into by the Company with the Directors:

### *Existing Directors*

- 8.1 Brent Fitzpatrick was appointed as Non-executive Chairman of the Company pursuant to a letter of appointment dated 22 March 2017. Mr Fitzpatrick's appointment may be terminated on six months' notice by either party and otherwise in the event of a material breach of his obligations under the agreement. Mr Fitzpatrick's annual fee is £40,000 per annum. Mr Fitzpatrick is subject to non-compete restrictive covenants for a period of 12 months following termination of his appointment. Mr Fitzpatrick is expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is at least 3 days a month. Mr Fitzpatrick will resign from the Board on Admission.
- 8.2 Christopher Theis was appointed as Chief Executive Officer of the Company pursuant to a service agreement dated 22 March 2017 (and subsequently amended on 12 February 2018). Mr Theis' existing service agreement is terminable on 12 months' notice given by either party in writing, however, the Company may in its discretion make a payment in lieu of notice. Mr Theis is required to work full time for the Company. The service agreement also contains provisions for termination by summary notice in certain standard circumstances, including gross negligence and gross misconduct. Removal from the Board automatically terminates the agreement and triggers an obligation for the Company to pay 12 months' salary to Mr Theis. Furthermore, in the event of any person (or persons acting in concert) acquiring more than 50% of the voting rights or otherwise effective control of the Company, Mr Theis may terminate within 12 months by giving 12 months' written notice. The Company is then liable to pay Mr Theis a sum equal to 12 months' salary plus the value of benefits during such period. On termination of his employment Mr Theis is entitled to purchase his company car for £1.00. The basic salary payable to Mr Theis is £225,000 per annum, subject to review at least once every 12 months, in addition to a discretionary bonus in relation to each financial year which may be payable in cash and/or shares. The Company is also required to make a contribution equal to 10% of Mr Theis' annual salary into his personal pension. The service agreement contains non-compete restrictive covenants for a period of up to 12 months following termination of employment. Mr Theis is also restricted in the use or disclosure of confidential information at any time during employment or following termination. A summary of Mr Theis' new service agreement that will replace his existing service agreement and takes effect from Admission is set out in paragraph 8.5 below.
- 8.3 John (Jack) Allardyce was appointed as an executive Director of the Company pursuant to a service agreement dated 30 September 2020. The service agreement is terminable on 6 months' notice given by either party in writing, however, the Company may in its discretion make a payment in lieu of notice. Mr Allardyce is required to work full time for the Company.

The service agreement also contains provisions for termination by summary notice in certain standard circumstances, including gross negligence and gross misconduct. Removal from the Board automatically terminates the agreement and triggers an obligation for the Company to pay 6 months' salary to Mr Allardyce. Furthermore, in the event of any person (or persons acting in concert) acquiring more than 50% of the voting rights or otherwise effective control of the Company, Mr Allardyce may terminate within 6 months by giving 6 months' written notice. The Company is then liable to pay Mr Allardyce a sum equal to 6 months' salary plus the value of benefits during such period. The basic salary payable to Mr Allardyce is £125,000 per annum, subject to review at least once every 12 months, in addition to a discretionary bonus in relation to each financial year which may be payable in cash and/or shares. The Company is also required to make a contribution equal to 10% of Mr Allardyce's annual salary into his personal pension. The service agreement contains non-compete restrictive covenants for a period of up to 12 months following termination of employment. Mr Allardyce is also restricted in the use or disclosure of confidential information at any time during employment or following termination. A summary of Mr Allardyce's new service agreement that will replace his existing service agreement and takes effect from Admission is set out in paragraph 8.6 below.

- 8.4 Nicholas Tulloch was appointed as a Non-executive Director of the Company pursuant to a letter of appointment dated 29 September 2020. Mr Tulloch's appointment may be terminated on six months' notice by either party and otherwise in the event of a material breach of his obligations under the agreement. Mr Tulloch's annual fee is £40,000 per annum. Mr Tulloch is subject to non-compete restrictive covenants for a period of four months following termination of his appointment. Mr Tulloch is expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is anticipated to be at least 3 days a month. Mr Tulloch will serve as non-executive chairman from Admission. A summary of Mr Tulloch's new appointment letter that will take effect from Admission is set out in paragraph 8.7 below.

***Existing Directors' New Service Agreements and Letters of Appointment from Admission***

- 8.5 Christopher Theis entered into a new service contract with the Company dated 9 March 2022 effective on Admission. Mr Theis is not obliged to commit the whole of his time to the Company's business and upon notice, Mr Theis can hold other directorships and enter into consultancy arrangements, so long as these do not conflict with his duties as chief executive officer. Mr Theis may terminate his new service contract by giving the Company not less than 12 months' written notice. The basic salary payable to Mr Theis will be £250,000 per annum, subject to review once every 12 months, in addition to a discretionary bonus for each financial year which may be payable in cash and/or shares. The Company will also be required to make a contribution equal to 10% of Mr Theis's annual salary into his personal pension. Additional key benefits include life assurance, LTIP membership, private medical insurance, directors' insurance, permanent health insurance and a company car. On termination of his employment Mr Theis is entitled to purchase his company car for £1.00. Mr Theis's removal from the Board automatically will terminate the agreement and will trigger an obligation for the Company to pay 12 months' salary plus benefits to Mr Theis. The service agreement contains non-compete and non-solicitation restrictive covenants for a period of up to 12 months following termination of employment.
- 8.6 John (Jack) Allardyce entered into a new service contract with the Company dated 9 March 2022 effective on Admission. Mr Allardyce is not obliged to commit the whole of his time to the Company's business and upon notice, Mr Allardyce can hold other directorships and enter into consultancy arrangements, so long as these do not conflict with his duties as chief financial officer. Mr Allardyce may terminate his new service contract by giving the Company not less than 12 months' written notice. The basic salary payable to Mr Allardyce will be £150,000 per annum, subject to review once every 12 months in addition to a discretionary bonus in relation to each financial year which may be payable in cash and/or shares. The Company will also be required to make a contribution equal to 10% of Mr Allardyce's annual salary into his personal pension. Additional key benefits include life assurance, LTIP membership, private medical insurance, directors' insurance and permanent health insurance. Mr Allardyce's removal from the Board automatically will terminate the agreement and will trigger an obligation for the Company to pay 12 months' salary plus benefits to Mr Allardyce. The service agreement contains non-compete and non-solicitation restrictive covenants for a period of up to 12 months following termination of employment.
- 8.7 Nicholas Tulloch will be appointed as Non-Executive Chairman on Admission pursuant to a letter

of appointment from the Company. Mr Tulloch's annual fee will be £40,000. Mr Tulloch will be expected to dedicate such amount of time as is necessary for the proper performance of his duties as Chairman of the Company, which is anticipated to be at least three days a month.

*Proposed Directors*

- 8.8 Martin Boughtwood entered into a service contract with the Company dated 9 March 2022 effective on Admission. Mr Boughtwood is not obliged to commit the whole of his time to the Company's business and upon notice, Mr Boughtwood can hold other directorships and enter into consultancy arrangements, so long as these do not conflict with his duties as chief technical officer. Mr Boughtwood may terminate his new service contract by giving the Company not less than 12 months' written notice. The basic salary payable to Mr Boughtwood will be £250,000 per annum, subject to review once every 12 months in addition to a discretionary bonus in relation to each financial year which may be payable in cash and/or shares. The Company will also be required to make a contribution equal to 10% of Mr Boughtwood's annual salary into his personal pension. Mr Boughtwood's removal from the Board automatically will terminate the agreement and will trigger an obligation for the Company to pay 12 months' salary to Mr Boughtwood. Additional key benefits include life assurance, LTIP membership, private medical insurance, directors' insurance and permanent health insurance. Mr Boughtwood's resignation from the Board will not automatically terminate the agreement, but his membership of the Board will cease whenever his employment is terminated. The service agreement contains non-compete and non-solicitation restrictive covenants for a period of up to 12 months following termination of employment.
- 8.9 Patrick (Pat) Symonds will be appointed as an Independent Non-Executive Director on Admission pursuant to a letter of appointment from the Company. Mr Symonds's annual fee will be £40,000. Mr Symonds will be expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is anticipated to be at least three days month.
- 8.10 Sir Stephen Dalton will be appointed as an Independent Non-Executive Director on Admission pursuant to a letter of appointment from the Company. Sir Stephen Dalton's annual fee will be £40,000. Sir Stephen Dalton will be expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is anticipated to be at least three days month.
- 8.11 Andrew Boughtwood will be appointed as a Non-Executive Director on Admission pursuant to a letter of appointment from the Company. Mr Boughtwood's annual fee will be £40,000. Mr Boughtwood will be expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is anticipated to be at least three days a month.
- 8.12 Trevor Gabriel will be appointed as a Non-Executive Director on Admission pursuant to a letter of appointment from the Company. Mr Gabriel's annual fee will be £40,000. Mr Gabriel will be expected to dedicate such amount of time as is necessary for the proper performance of his duties as a director of the Company, which is anticipated to be at least three days a month.
- 8.13 Save as disclosed in this paragraph 8 of Part XIV of this Document, there are no other service agreements or agreements for the provision of services existing or proposed between the Directors and the Company, and no Director is entitled to receive save as disclosed in this paragraph 8 above any benefit upon termination of his service agreement or letter of appointment other than salary and benefits accrued on the date of such termination.

## 9. Interests of the Existing Directors and Proposed Directors and others

9.1 The interests of each of the Directors in the share capital of the Company (all of which are beneficial unless otherwise stated), including the interests of any Connected Persons and the existence of which is known to such Director or could with reasonable diligence be ascertained by him, as at the Last Practicable Date are, and upon Admission expected to be, as follows:

	Last Practicable Date		Admission	
	Number of Ordinary Shares	Percentage of Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
<b>Existing Directors</b>				
Brent Fitzpatrick	57,336,875	2.8	57,336,875	0.6
Christopher Theis	60,995,589	3.0	60,995,589	0.7
John (Jack) Allardyce	6,000,000	0.3	6,000,000	0.1
Nicholas Tulloch	-	-	-	-
<b>Proposed Directors</b>				
Martin Boughtwood <sup>(1)</sup>	-	-	3,026,591,664	34.2
Patrick Symonds	-	-	-	-
Sir Stephen Dalton	-	-	-	-
Andrew Boughtwood	-	-	75,758,416	0.9
Trevor Gabriel <sup>(2)</sup>	-	-	555,561,720	6.3

(1) Martin Boughtwood's interest in Ordinary Shares includes 3,026,591,664 Ordinary Shares held by Deregallera Trust, a trust in which Denise Boughtwood (a connected person and the spouse of Martin Boughtwood) is the sole beneficiary. Martin Boughtwood's children Rebecca Louise Hainsworth and Lewis Raymond Boughtwood are the trustees of Deregallera Trust and are both connected persons of Martin Boughtwood.

(2) Trevor Gabriel's interest in Ordinary Shares includes 555,561,720 Ordinary Shares held by Disruptech Ltd, a company in which Trevor Gabriel is the sole shareholder and a director.

9.2 These interests exclude interests in options over Ordinary Shares set out in paragraph 9.4 below.

9.3 Save for the Acquisition and the terms of the SPA which are summarised in paragraph 12.1 of Part XIV of this Document, none of the Directors 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.

9.4 Save as disclosed in the tables below, none of the Directors nor their immediate families or Connected Persons hold or is beneficially interested, directly or indirectly, in any shares or options to subscribe for or securities convertible into shares of the Company or any of its subsidiary undertakings.

### Directors – Existing Options (as at Last Practicable Date)

Existing Directors	Existing Options	Exercise Price	Exercise Period
Christopher Theis	42,500,000	£0.001	8 October 2030
Christopher Theis	739,520,000	£0.001	18 March 2031
Brent Fitzpatrick	162,820,000	£0.001	18 March 2031
John Allardyce	62,500,000	£0.001	18 March 2031
Nicholas Tulloch	-	-	-
<b>Proposed Directors</b>			
Martin Boughtwood	-	-	-
Patrick Symonds	-	-	-
Sir Stephen Dalton	-	-	-
Andrew Boughtwood	-	-	-
Trevor Gabriel	-	-	-

## 9.5 Directors – LTIP Options (as at Last Practicable Date)

<b>Existing Directors</b>	<b>LTIP Options</b>	<b>Exercise Price</b>	<b>Exercise Period</b>
Christopher Theis	78,052,501	£0.001	10 years from Admission
Brent Fitzpatrick	-	-	-
John Allardyce	156,105,002	£0.001	10 years from Admission
Nicholas Tulloch	-	-	-
<b>Proposed Directors</b>			
Martin Boughtwood	156,105,002	£0.01	10 years from Admission
Patrick Symonds	-	-	-
Sir Stephen Dalton	-	-	-
Andrew Boughtwood	-	-	-
Trevor Gabriel	-	-	-

## 10. Additional Information on the Existing Directors and Proposed Directors

10.1 The business address of the Directors is 15 Victoria Mews, Cottingley Business Park, Millfield Road, Bingley, BD16 1PY.

10.2 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this Document.

<b>Name</b>	<b>Existing Directorships</b>	<b>Past Directorships</b>
Martin Boughtwood	Leading Technology Developments Ltd Deregallera Technology Ltd DG Innovate Ltd Ionotica Limited Siddons Furniture Limited Deregallera Drives Ltd Deregallera Energy Ltd MHB Innovations Ltd Deregallera Ltd	Factory Automation Systems Ltd PML Flightlink Limited
Andrew Boughtwood	AVO International Inc AVO Multi Amp Corporation HDW Electronics Inc James G Biddle Company Megger China Co Ltd Megger Elektrik Sistemleri Test Hizmetleri ve Ticareti Limited Şirketi Megger GmbH Megger Group Limited Megger India Private Limited Megger Limited Megger Malaysia SDN. BHD Megger PTY LTD Megger Systems Limited Megger Instruments SL.(formerly known as Sebakmt Iberia SL) Power DB Inc Power Diagnostix Service GmbH Power Diagnostix Systems GmbH Vespula Ltd	Seba Kmt UK Limited

<b>Name</b>	<b>Existing Directorships</b>	<b>Past Directorships</b>
Patrick (Pat) Symonds	Neutrino Dynamics Limited Sports Advantage Network Limited	
Trevor Gabriel	Deregallera Ltd Deregallera Technology Ltd DG Innovate Ltd (formerly known as Deregallera Holdings Ltd) Disruptech Limited Classic Riviera Globalblock Digital Asset Trading Limited (formerly known as Helix Applications Inc.) Leading Technology Developments Ltd S.C.S. Trevor Gabriel & Cie (also known as SCS Trevor Gabriel & Cie Monaco-Villas, SCS Trevor Gabriel & Cie Mco Villas, SCS Trevor Gabriel et Co and Monaco Villas; formerly known as a S.C.S. Schmidt & Cie) SCI 323 Societe Civile Immobiliere Les Restanques V SCI	
Sir Stephen Dalton		DLT Horizons Ltd The Windsor Leadership Trust
Christopher Theis	Path Investments USA Holdings Limited SPV2020 Limited Shellraise PLC	Path (Germany) Limited Path Italia Limited Path Investments (Turkey) Limited Path Newco Limited Aston Enterprises Limited
Nigel Brent Fitzpatrick	Aboyne-Clyde Rubber Estates of Ceylon Limited Dixons Academies Charitable Trust Ltd. LCP Financial Limited Lombard Capital plc Low Wave Limited National Governance Association Ocean Park Developments Limited Pennine Academies Yorkshire Pondermatters Limited Path Investments USA Holdings Limited Shellhound Limited SPV 2020 Limited U.K. Space plc Waste and Recycling Solutions Limited Vela Technologies plc	Alpha Returns Group plc Forward Catering (Yorkshire) Limited N.B.S. UK Holdings Limited Optometrics Corporation Powerhouse Energy Group plc Powerhouse Energy UK Limited Riskalliance Management Services Limited Wakefield City Academies Trust Wey Education Schools Trust Vordere Limited
John (Jack) Allardyce	Alkyl Energy Limited Path Investments USA Holdings Limited Shellhound Limited	

<b>Name</b>	<b>Existing Directorships</b>	<b>Past Directorships</b>
Nicholas Tulloch	Fetlar Capital Limited  GasRock Limited Voyager Life PLC Shellraise PLC	Chill Brands Group Plc (formerly known as Zoetic International Plc And Highlands Natural Resources Plc) Highland Natural Resources Corporation Zoetic Corporation Highlands Montana Corporation Tay Capital Limited Brent Natural Resources Limited

- 10.3 Patrick (Pat) Symonds was banned from Formula 1 motorsports by the Federation Internationale de l'Automobile (FIA) and from FIA sanctioned events for a period of five years, later reduced to three years on appeal. The reason was for conspiring to cause a deliberate crash at the 2008 Singapore Grand Prix.
- 10.4 Brent Fitzpatrick was previously a non-executive director of Conferacom Limited which entered into administration on 28 May 2008. Mr Fitzpatrick was appointed as a non-executive director at the request of a major shareholder in the company on 22 February 2008 and resigned as a director on 14 August 2008. Mr Fitzpatrick was appointed as a non-executive director to bring stability to the company ahead of a re-financing with its major shareholder. The company was dissolved on 19 June 2015 with a deficiency with regards to creditors of £5.8 million.
- 10.5 Brent Fitzpatrick was previously a non-executive director of Holly Benson Communications Limited which entered into administration on 28 May 2008 and subsequently moved into voluntary creditors' liquidation on 27 May 2009. Mr Fitzpatrick was appointed as a non-executive director at the request of a major shareholder in the company on 22 February 2008 and resigned as a director on 1 October 2008. Mr Fitzpatrick was appointed as a non-executive director to bring stability to the company ahead of a re-financing with its major shareholder. The company was dissolved on 15 November 2011 with a deficiency to creditors of £1.159 million.
- 10.6 Brent Fitzpatrick was previously a non-executive director of Real Affinity plc, which entered into administration on 28 November 2008 and was dissolved on 16 December 2009 with a deficiency to creditors of £1,292,207. Mr Fitzpatrick resigned as a director on 1 October 2008. Conferacom Limited and Holly Benson Communications Limited were subsidiaries of Real Affinity plc.
- 10.7 Brent Fitzpatrick was appointed as a director of Onyx Media Limited on 1 May 2003 and resigned as a director on 15 June 2005 after the chief executive officer disappeared. The company was placed into a voluntary creditors' liquidation on 20 June 2005. The company was dissolved on 7 April 2011 with a deficiency to creditors of £400,000.
- 10.8 Brent Fitzpatrick was previously a director of NIM Engineering Limited which entered into administration on 20 March 2007 and subsequently moved into voluntary creditors' liquidation on 29 March 2008. The Company was dissolved on 3 January 2014 with a deficiency with regards to creditors of £3.44 million. NIM Engineering Limited was a subsidiary of Global Marine Energy plc where Mr Fitzpatrick was appointed as chairman. During Mr Fitzpatrick's tenure Global Marine Energy plc was acquired by TSC Offshore Group Limited for £11.6 million.
- 10.9 Brent Fitzpatrick was appointed a director of Vela Technologies plc on 15 January 2013 following the approval of a company voluntary arrangement on 14 January 2013 which was completed on 29 August 2013, resulting in a deficiency to creditors of £452,165. Mr Fitzpatrick had no involvement with the company prior to its company voluntary arrangement.
- 10.10 Christopher Theis was appointed as a non-executive director of the Company on 13 December 2012 to develop a new strategy and business plan for the Company. On 12 November 2012 the Company (then named The Niche Group plc) provided proposals for a Company Voluntary Arrangement ("CVA") to its nominee, Mark Reynolds of Valentine & Co as the CVA supervisor. The nominee filed on the same day his report in court ahead of a meeting of creditors being called. On 3 December 2012 the Company held a creditors' meeting at which the terms of the CVA were approved, and the Company became subject to a CVA. Following the commencement of the CVA, Christopher Theis had no involvement with the Company prior to the CVA or in the events leading up to the commencement of the CVA, which was successfully concluded on 22 May 2013 after the payment of £73,000 to ordinary unsecured creditors, representing 30.21 pence in the pound on agreed claims totalling £241,622.32.



- 10.11 Save as disclosed in this paragraph 10 of Part XIV of this Document, none of the Directors has:
- 10.11.1 any unspent convictions in relation to indictable offences;
  - 10.11.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
  - 10.11.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - 10.11.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 10.11.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 10.11.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 10.11.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 10.12 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.
- 10.13 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.
- 10.14 There are no potential conflicts of interest between any duties owed by the Directors or the Proposed Director to the Company and their own private interests, and or other duties.

## 11. **Employees**

As at the date of this Document, the Company has two employees, Christopher Theis and John (Jack) Allardyce. Details of their employment are set out at paragraphs 8.2 and 8.3 of this Part of the Document.

Following completion of the Acquisition, the Enlarged Group will have 21 employees.

## 12. **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have either been entered into by the Company or the DG Innovate Group within the two years immediately preceding the date of this Document and which are, or may be, material, or have been entered into at any time by the Company, or a member of the Group or the Enlarged Group, and which contain any provision under which the Company or the Enlarged Group has any obligation or entitlement which is, or may be, material as at the date of this Document.

### **The Company**

#### 12.1 ***The Share Purchase Agreement***

On 12 August 2021, the Company (1) and Rebecca Hainsworth and Lewis Boughtwood (as trustees of the Deragallera Trust) and others (**Sellers**) (2) entered into a conditional share purchase agreement (**SPA**) for the acquisition by the Company of the issued shares of DG Innovate (**Shares**) in consideration for £32,384,707 to be satisfied by the issue of the Initial Consideration Shares in the Company to the Sellers in the proportions set out at Schedule 1 to the SPA on completion of the Acquisition. The Initial Consideration Shares shall be issued at a price of £0.006 per share each ranking pari passu in the capital of the Company. Following completion of the Acquisition and Admission, the Sellers will hold not less than 46.2% of the fully diluted share capital in the Company (excluding the Subscription Shares).

The SPA was amended by the parties by a deed on 1 February 2022 to include an entitlement for the Sellers to receive the Deferred Consideration Shares (in the same proportions as their entitlement to

receive the Initial Consideration Shares) subject to the achievement of the Deferred Consideration Targets. The Deferred Consideration Targets require the obtention within 12 months following Completion by the DG Innovate Group of one or more supply contract(s) with a combined value of £5,000,000 or more, or (as may be agreed in writing between the Company and the Sellers' Representative) with a combined potential value of £5,000,000 or more.

Completion of the Acquisition is conditional upon certain conditions being satisfied or waived by 14 April 2022 (the Longstop Date as defined in the SPA and extended by agreement between the parties on 1 February 2022 and extended further by agreement on 9 March 2022), including the passing of the Whitewash Resolution and the resolution to adopt new articles of association of the Company, the waiver by the Takeover Panel of the Sellers' obligation to make an offer for DG Innovate under Rule 9 of the Takeover Code, Admission and the approval and publication of this Prospectus.

The SPA imposes lock-in obligations on each of the Sellers for the period of 6 months following completion of the Acquisition (Lock-In Period) prohibiting them from selling, transferring or otherwise disposing of or creating any encumbrance over any of their Initial Consideration Shares unless permitted to do so by the SPA. Such permitted transfers include transfers to the Company, disposals to the extent that the sale proceeds are applied to meet that Seller's liability arising in respect of any claim under the SPA and transfers with the prior written consent of the Company. The Sellers have also agreed to a further restriction for 6 months from the end of the Lock-In Period not to sell, dispose of or create any encumbrance over their shares in the Company unless through a broker for the maintenance of an orderly market.

The SPA requires the Company to comply with certain pre-completion obligations which include carrying on business in the ordinary and proper course, not disposing of any material assets or entering into any transactions that are unusual, onerous or not at arm's length, except with the written consent of the Sellers' Representative (as defined in the SPA).

The Sellers have provided an indemnity to the Company for any Leakage (as defined in the SPA) in the period between the date of the SPA and completion of the Acquisition.

The Sellers have further given a number of warranties to the Company relating to the business of DG Innovate and the Company has given warranties to the Sellers relating to the business of the Company. The total liability of the Sellers under the SPA is limited to £3,200,000.

## 12.2 ***The Loan Agreement***

On 12 August 2021, the Company (as lender) and DG Innovate (as borrower) entered into a loan facility agreement (which was further amended on 1 February 2022) for the provision of up to £600,000, payable in two equal tranches of £300,000 each, on a secured basis (**Initial Advance**). The first tranche of the Initial Advance was drawdown by DG Innovate on 12 August 2021 and the second tranche of the Initial Advance was drawdown on 22 September 2021. As at the Last Practicable Date, the Initial Advance has been fully drawdown (i.e. to the full extent of £600,000).

On 1 February 2022 the loan facility agreement was amended to provide for a further advance of up to £450,000, payable in three equal tranches of £150,000 each on a secured basis (**Further Advance**). As at the Last Practicable Date, ££300,000 of the Further Advance has been drawdown.

The loan facility must be repaid in full on the earlier of 12 August 2022 and such date on or after 14 April 2022 (being the Longstop Date as defined in the SPA as extended by agreement between the parties on 1 February 2022 and extended further by agreement on 9 March 2022) that the Company may demand in writing. If an event of default (as defined in the Loan Agreement) has occurred and is continuing for not less than 10 business days, the Company may demand immediate repayment of the loan.

Interest is payable on the loan at a rate of 6% per annum.

## 12.3 ***The Debenture***

On 12 August 2021, the Company (as lender) and DG Innovate (as borrower) entered into a debenture to secure the loan facility made available by the Company under the Loan Agreement.

The debenture charges all of the assets and property of DG Innovate to the Company under either a fixed or floating charge (as applicable). The debenture contains a negative pledge and restricts the borrower from disposing of any of the Secured Assets (as defined in the Loan Agreement) or creating any encumbrance over them without the consent of the Company.

This security will remain in place until the sums due under the Loan Agreement have been repaid. This security becomes enforceable if an Event of Default (as defined in the Loan Agreement) occurs and is

continuing for not less than 10 business days.

The Debenture is subject to the terms of the Intercreditor Deed.

#### 12.4 ***The Intercreditor Deed***

On 12 August 2021, the Company, DG Innovate (as borrower), Michael Depper (**Depper**) and Trevor Gabriel (**Gabriel**) entered into an intercreditor deed to agree the priority of their respective debts to DG Innovate and their respective security over the assets of the Borrower. The intercreditor deed was subsequently amended and restated by the parties on 1 February 2022.

The parties have agreed that: (i) the funds loaned by the Company to DG Innovate under the Further Advance shall rank as debt in priority (**Senior Debt**) to all other debts owed by DG Innovate to each of the Company, Depper and Gabriel (**Junior Debt**); (ii) the Junior Debt shall rank pari passu to each other in priority in all respects; (iii) the security granted in respect of the Senior Debt shall rank in priority to the security granted in respect of the Junior Debt; and (iv) the security granted in respect of the Junior Debt shall rank pari passu to each other in priority in all respects.

Under the terms of the SPA the Company is required to procure that DG Innovate repays all of these debts on completion of the Acquisition and this is acknowledged in the Intercreditor Deed. Until completion of the Acquisition, DG Innovate may make any scheduled payments of principal, interest and fees to the Company, Depper and Gabriel as required by the underlying loan documents and none of the Company, Depper or Gabriel may demand payment or take any action which impairs the ranking set out in the Intercreditor Deed.

#### 12.5 ***The Deed of Lock-In and Standstill***

On 12 August 2021, John (Jack) Allardyce, Nigel Fitzpatrick and Christopher Theis (each a Locked-In Party and together the Locked-In Parties) and the Company entered into a deed of lock-in and standstill which restricts the Locked-In Parties from selling, disposing of and creating any encumbrance over any of the shares they hold in the capital of the Company until the date falling 6 months from completion of the Acquisition (**Lock-In Period**), subject to certain exceptions. The Locked-In Parties have agreed to a further restriction for 6 months from the end of the Lock-In Period not to sell, dispose of or create any encumbrance over their shares in the Company unless through a broker for the maintenance of an orderly market.

The exceptions to these restrictions include accepting a general offer made in accordance with the Takeover Code by any third party for the whole of the ordinary share capital of the Company which is recommended by a majority of the Company's board of directors, a disposal with the prior written consent of the Company and Sellers to the SPA (acting by the Seller's Representative) and a disposal made in order to raise funds to satisfy the exercise price of any of the Options or warrants which the Locked-In Parties hold in the Company. The Deed of Lock-In and Standstill also prohibits any of the Locked-In Parties from acquiring any further share capital in the Company prior to completion of the Acquisition other than through the exercise of the Options or warrants that they hold in the Company at the date of the Deed.

#### 12.6 ***The Relationship Agreement***

On 12 August 2021, the Company and Martin Boughtwood entered into a relationship agreement to regulate the relationship between themselves following completion of the Acquisition and Admission. Following completion of the Acquisition, Mr. Boughtwood will be a director of the Company and will control approximately 33.8% of the voting rights in the Company.

Under the terms of the Relationship Agreement, Mr. Boughtwood agrees that for so long as he and his Connected Persons (including the Deregallera Trust and Denise Boughtwood) hold, directly or indirectly, 20% or more of the issued voting capital of the Company, Mr. Boughtwood will not and will procure that his Connected Persons will not take certain actions. These actions include exercising voting rights in the Company in such a way as would prevent the Company from enforcing its rights under the SPA or the Relationship Agreement and would benefit MB or any of his Connected Persons. Mr. Boughtwood also agrees that for a period of 18 months from the date of Admission that he will not and will procure his Connected Persons will not acquire or offer to acquire an interest in any shares in the Company which would require an offer for the Company which is not unanimously recommended by the Board.

#### 12.7 ***Tax Covenant Letter***

The Tax Covenant Letter was entered into on 9 March 2022 between Rebecca Hainsworth and Lewis Boughtwood as trustees of The Deregallera Trust (**Trust**), the Company and Denise Boughtwood

**(Guarantor).**

Under the terms of the Tax Covenant Letter, the Trust covenants to pay the Company an amount equal to any tax liabilities that arise in DG Innovate, its subsidiaries and the Company as a result of the issue of the Consideration Shares to the Trust or the distribution of the Consideration Shares by the Trust to a beneficiary of the Trust. The Guarantor guarantees the amount payable by the Trust under the letter in the event that the Trust distributes or transfers the Consideration Shares.

The liability of the Trust under the letter, and the Guarantor's guarantee, will terminate on the earlier of the date on which HMRC confirm that no liability to income tax and/or national insurance contributions of DG Innovate, its subsidiaries or the Company arises on the issue of the Consideration Shares to the Trust or the distribution of the Consideration Shares by the Trust to a beneficiary of the Trust and 31 December 2022.

**12.8 Supplemental SPA**

The Supplemental SPA was entered into between the Supplemental Sellers (as defined in the Supplemental SPA) and the Company on 9 March 2022.

The Supplemental Sellers exercised options over shares in DG Innovate and have agreed to sell their new shares in DG Innovate to the Company under the terms of the Supplemental SPA on completion of the Acquisition so that the Company acquires the entire share capital of DG Innovate.

The Supplemental Sellers have given title and capacity warranties to the Company and have agreed to indemnify the Company against any Leakage (as defined in the SPA). Each of the Supplemental Sellers waive any claims they may have against the DG Innovate Group and will adhere to the terms of the SPA.

**12.9 The Subscription Letters**

Pursuant to Subscription Letters dated 9 March 2022 between the Company and the Subscribers, the Company has agreed to allot the Subscription Shares to the Subscribers in consideration for payment of the Subscription funds. The Subscription is conditional on, inter alia, Admission occurring by 8.00 am on 31 March 2022 by such later date as is agreed in writing. Under the terms of the Subscription the Subscribers are entitled to receive one Warrant (1p) for every two Subscription Shares subscribed for. The Subscription Letters are governed by English law and subject to the exclusive jurisdiction of the English Courts.

**12.10 Warrant Instrument (0.25)**

The Company constituted warrants to subscribe for up to 790,000,000 new Ordinary Shares under an instrument dated 18 March 2021. The exercise price of each warrant is 0.25 pence per new Ordinary Share. The warrants are exercisable at any time prior to the earlier of: (i) 18 March 2026; and (ii) ten days following a person or persons acquiring more than 25% of the total Voting Rights.

**12.11 Warrant Instrument (0.50)**

The Company constituted warrants to subscribe for up to 790,000,000 new Ordinary Shares under an instrument dated 18 March 2021. The instrument was subsequently varied on 9 March 2022. The exercise price of each warrant is 0.50 pence per new Ordinary Share.

The Warrants (0.5) are exercisable at any time prior to the earlier of: (i) 18 March 2026; (ii) twelve months following a person or persons acquiring more than 25% of the total Voting Rights; and (iii) 10 Business Days following publication by the Company of an Exercise Acceleration Notice, save that for every Warrant (0.25) that a holder has not exercised on or after the 11th day following a person or persons acquiring more than 25% of the total Voting Rights, the subscription period of the Warrants (0.5) shall immediately lapse.

The Exercise Acceleration Notice may be issued by the Company following a period of 10 consecutive Business Days during which the volume weighted average price of the Ordinary Shares traded in the ordinary course of business on the Main Market is not less than £0.01 as reported by Bloomberg Finance, L.P.

**12.12 Warrant Instrument (1p)**

The Company constituted warrants to subscribe for up to 670,400,000 new Ordinary Shares under an instrument dated 9 March 2022. The exercise price of each Warrant (1p) is 1 pence per new Ordinary Share. The Warrants (1p) are exercisable at any time prior to the first anniversary of Admission. The Company will issue 255,000,000 Warrants (1p) to the Subscribers and 415,400,000 to the holders of the Warrants (0.25).

#### 12.13 **Warrant (0.25) Exercise Notices**

The holders of Warrants (0.25) have irrevocably agreed, conditional on Completion and Admission, to exercise their Warrants (0.25) over a total number of 830,800,000 New Ordinary Shares at a subscription price of £0.0025 per New Ordinary Share. The Company will issue to the holders one Warrant (1p) for every two Warrants (0.25) held, resulting in the issue of 415,400,000 Warrants (1p). The Company has also agreed that for every Warrant (0.25) exercised at Completion the subscription period in respect of the same number of Warrants (0.5) held shall be extended by 12 months from Completion. To the extent that any Warrants (0.25) are not exercised at Completion then the same number of Warrants (0.5) held by that warrant holder shall lapse after 10 days following Completion.

#### 12.14 **Financial Adviser Appointment Agreement**

On 15 June 2020, the Company entered into an agreement with Grant Thornton pursuant to which Grant Thornton agreed to act as Financial Adviser to the Company. In consideration for this service, the Company agreed to pay Grant Thornton as financial adviser a retainer fee, payable quarterly in advance. Either party may terminate the agreement on giving three months' prior written notice such notice to be served so as to expire at any time on or after the expiry of the minimum eighteen-month initial term.

#### 12.15 **Corporate Stockbroker Appointment Agreement**

On 17 February 2021, the Company entered into an agreement with Monecor (London) Limited trading as ETX Capital pursuant to which ETX Capital agreed to act as joint corporate stockbroker to the Company. In consideration for this service, the Company agreed to pay ETX Capital a corporate broker retainer fee of £15,000 for one year's service. Either party may terminate the agreement on giving three months prior written notice.

#### 12.16 **WHI Engagement Letter**

On 21 October 2021, the Company entered into an engagement letter with W.H. Ireland Limited pursuant to which the Company has appointed W.H. Ireland Limited to act as a joint corporate broker advisor to the Company in relation to Admission. W.H. Ireland Limited are entitled to receive on Admission a broking fee of £30,000 plus VAT and commission equal to 5% of any funds introduced by them. On Admission, W.H. Ireland Limited will be retained as the Company's ongoing corporate broker on an annual retainer.

#### 12.17 **Patronus Partners Engagement Letter**

On 26 March 2021, the Company entered into an engagement letter with Patronus Partners Limited pursuant to which Patronus Partners Limited were engaged to identify and introduce a suitable acquisition target for the Company. In consideration for the service provided the Company agreed to pay a corporate finance fee of £250,000 to be settled by the issue of 50,000,000 Fee Shares to Patronus Partners Limited.

#### 12.18 **Patronus Partners Engagement Letter**

On 11 February 2022, the Company entered into an engagement letter with Patronus Partners Limited pursuant to which the Company has appointed Patronus Partners Limited to act on a non-exclusive basis as an introducing agent for professional investors to the Company under the Subscription. Patronus Partners Limited are entitled to receive commission equal to 5% of the funds they introduce under the Subscription.

#### 12.19 **Underwriting Agreement**

On 8 February 2022, the Company entered into an underwriting agreement with John Story, pursuant to which John Story agreed to underwrite the Subscription. In the event of any shortfall below the target fundraising of £2,500,000 Mr Story, in addition to his initial subscription, will subscribe personally for such additional Subscription Shares to realise total gross proceeds of £2,500,000. In consideration for the services provided the Company agreed to pay to John Story an underwriting fee of £125,000 to be settled by the issue of 25,000,000 Fee Shares to him.

#### 12.20 **The DG Innovate Group**

#### 12.21 **Material contracts referred to above**

DG Innovate is a party to the Loan Agreement, Debenture and Intercreditor Deed, the details of which are

summarised above.

#### 12.22 **DG Innovate Shareholder Loans**

On 1 December 2018, each of Michael Depper and Trevor Gabriel (as lenders) entered into identical loan agreements with DG Innovate Ltd under which they each loaned £250,000 to DG Innovate Ltd (as borrower), in each case at an interest rate of 10% per annum with a repayment date of one year from the date of each agreement. Each of these loans was secured by way of a debenture over the assets of DG Innovate Ltd, in favour of each of Michael Depper and Trevor Gabriel, dated 1 December 2018.

The repayment date of each these loans was subsequently extended. Under the terms of the SPA, these loans will be repaid in full by DG Innovate Ltd on Completion, and the relevant security will be released.

The total loan amounts outstanding as at the Last Practicable Date (including principal and accrued interest) were as follows:

- £345,542 to Michael Depper; and
- £305,097 to Trevor Gabriel. Interest will continue to accrue on the loans until they are repaid on Completion.

#### 12.23 **CBILS Loans**

The DG Innovate Group entered into two loan agreements under the Coronavirus Business Interruption Loan Scheme (**CBILS**) as follows:

- on 23 November 2020, Deregallera Ltd (as the borrower), a wholly-owned subsidiary of DG Innovate Ltd, entered into the first CBILS loan agreement with Funding Circle Focal Point Lending Limited (**Funding Circle**) (as the lender) for a loan of £250,000 at an interest rate of 10.20% per annum repayable by DG Innovate Ltd in equal instalments of £6,365 over a 48-month period commencing on December 2021; and
- on 2 December 2020, Leading Technology Developments Ltd (as the borrower), another wholly-owned subsidiary of DG Innovate Ltd, entered into the second CBILS loan agreement with Funding Circle (as the lender) for a loan of £100,000 at an interest rate of 10.10% per annum repayable by DG Innovate Ltd in equal instalments of £2,541 over a 48-month period commencing on January 2022.

As at the Last Practicable Date, the amount outstanding (including any accrued interest) on the CBILS loan was £332,031.

### 13. **Litigation**

The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened or of which the Company is aware) during the previous 12 months which may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

The DG Innovate Group is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened or of which the Company is aware) during the previous 12 months which may have, or have had in the recent past significant effects on the DG Innovate Group's financial position or profitability.

### 14. **Related Party Transactions**

#### 14.1 **The Company**

- 14.1.1 Save as set out in the historical financial information set out in Part IX of this Document and as set out below in this paragraph 14, there are no related party transactions that the Group has entered into during the period covered by the historical financial information included in this Document and up to the Last Practicable Date. All related party transactions were carried out on arm's length terms.
- 14.1.2 During the years 2018, 2019 and 2020 the Company issued a total of £127,100 (nominal) of Convertible Loan Stock to related parties including Christopher Theis and Networkguru Limited (a company wholly owned by Christopher Theis' son) (£51,000), Brent Fitzpatrick and his son Alexander Fitzpatrick (£33,100), Ocean Park Developments, a company ultimately owned by Brent Fitzpatrick (£5,000), and Pondermatters Limited, a company in which Brent Fitzpatrick is

a shareholder (£8,000), Andrew Yeo (£25,000) and John (Jack) Allardyce (£5,000).

- 14.1.3 On 8 October 2020 Christopher Theis surrendered Options over 42,500,000 Ordinary Shares in lieu of new Options over Ordinary Shares each with an exercise price of £0.001.
- 14.1.4 On 8 October 2020 Christopher Theis was granted options over 42,500,000 Ordinary Shares.
- 14.1.5 On 18 March 2021 Christopher Theis was granted options over 739,520,000 Ordinary Shares.
- 14.1.6 On 18 March 2021 Brent Fitzpatrick was granted options over 162,820,000 Ordinary Shares.
- 14.1.7 On 18 March 2021 John (Jack) Allardyce was granted options over 62,500,000 Ordinary Shares.
- 14.1.8 On 18 March 2021:
  - (i) £1,000 (nominal) of Convertible Loan Stock held by Christopher Theis was converted into 1,200,000 Ordinary Shares;
  - (ii) £50,000 (nominal) of Convertible Loan Stock held by Networkguru Limited (a company wholly owned by Christopher Theis' son) was redeemed for a total cash amount of £150,000;
  - (iii) £28,100 (nominal) of Convertible Loan Stock held by Brent Fitzpatrick was converted into 33,720,000 Ordinary Shares;
  - (iv) £5,000 (nominal) of Convertible Loan Stock held by Alexander Fitzpatrick (Brent Fitzpatrick's son) was converted into 6,000,000 Ordinary Shares;
  - (v) £8,000 (nominal) of Convertible Loan Stock held by Pondermatters Limited (a company in which Brent Fitzpatrick is a shareholder) was converted into 9,600,000 Ordinary Shares;
  - (vi) £5,000 (nominal) of Convertible Loan Stock held by Ocean Park Developments Limited (a company ultimately owned by Brent Fitzpatrick) was converted into 6,000,000 Ordinary Shares;
  - (vii) £5,000 (nominal) of Convertible Loan Stock held by John (Jack) Allardyce was converted into 6,000,000 Ordinary Shares; and
  - (viii) Christopher Theis was issued with 48,000,000 Ordinary Shares.

## 14.2 The DG Innovate Group

- 14.2.1 Save as set out in the historical financial information set out in Part X of this Document and as set out below in this paragraph 14.2, there are no related party transactions that the DG Innovate Group has entered into during the period covered by the historical financial information included in this Document and up to the Last Practicable Date. All related party transactions were carried out on arm's length terms.
- 14.2.2 During the year ended 31 March 2018, DG Innovate Ltd paid fees of £1,211,806 to Deregallera Ltd, a subsidiary undertaking, in respect of the acquisition of intellectual property rights and know-how.
- 14.2.3 During the year ended 31 March 2018, DG Innovate Ltd received fees of £129,900 from Leading Technology Developments Ltd, a subsidiary undertaking, in respect of license fee revenue and consultancy fee revenue.
- 14.2.4 During the year ended 31 March 2018, DG Innovate Ltd paid £31,886 to key management personnel for short-term employee benefits.
- 14.2.5 During the year ended 31 March 2019, DG Innovate Ltd paid £30,600 to key management personnel for short-term employee benefits.
- 14.2.6 During the year ended 31 March 2019, DG Innovate Ltd received £313,700 from subsidiaries for license and management fee income.
- 14.2.7 During the year ended 31 March 2019, DG Innovate Ltd paid £1,701,711 to subsidiaries for the purchase of intellectual property rights.
- 14.2.8 During the year ended 31 March 2020, DG Innovate Ltd paid £30,600 to key management personnel for short-term employee benefits.

- 14.2.9 During the year ended 31 March 2020, DG Innovate Ltd received £20,000 from subsidiaries for license and management fee income.
- 14.2.10 During the year ended 31 March 2020, DG Innovate Ltd paid £869,883 to subsidiaries on the purchase of intellectual property rights.

## 15. Working Capital

In the opinion of the Company, taking into account existing cash, the Net Subscription Proceeds, the Warrant Exercise Proceeds and CBILs facility, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least 12 months from the date of this Document.

## 16. Takeover Code

- 16.1 The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:
- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Company; or
  - (b) a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Company acquires additional interests shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or his concert parties during the previous 12 months.

## 17. No significant change

### 17.1 The Company

17.1.1 There has been no significant change in the financial position or the financial performance of the Group since 30 June 2021, being the end of the last financial period of the Group for which financial information has been published, to the date of this Document save for:

- (a) Following signing of the SPA, Path provided DGI with a secured loan of £600,000 at an annual interest rate of 6%, with two tranches of £300,000 received on 13 August 2021 and 22 September 2021, respectively. On 1 February 2022, Path agreed to provide DGI with a further secured loan facility of up to £450,000 at the same interest rate. This facility ranks above Path's existing loan and the £500,000 loan from DGI shareholders Trevor Gabriel and Michael Depper. DGI received a first £150,000 tranche on 2 February 2022 and a second £150,000 tranche on 4 March 2022.

17.1.2 Such financial information, being the Historical Financial Information of Path, is included in Part IX (Financial Information on Path) of this Document.

### 17.2 The DG Innovate Group

17.2.1 There has been no significant change in the financial position or the financial performance of the DG Innovate Group since 30 September 2021, being the end of the last financial period of the DG Innovate Group for which financial information has been published, to the date of this Document.

17.2.2 Such financial information, being the Historical Financial Information of the DG Innovate Group, is included in Part X (Financial Information on the DG Innovate Group) of this Document.

## 18. Consents

- 18.1 PKF Littlejohn LLP is a limited liability partnership company registered in England and Wales with registered number OC342572 and having its registered office at 15 Westferry Circus, Canary Wharf, London W14 4HD. PKF Littlejohn LLP is a member of the Institute of Chartered



- Accountants in England and Wales. PKF Littlejohn LLP has given and not withdrawn its consent to the inclusion in this Document of references to its name in the form and context in which they appear.
- 18.2 Grant Thornton has given and not withdrawn its written consent to the inclusion in this Document of references to its name.
- 18.3 WH Ireland has given and not withdrawn its written consent to the inclusion in this Document of references to its name.
- 18.4 Womble Bond Dickinson (UK) LLP has given and not withdrawn its consent to the inclusion in this Document of references to its name.
19. **General**
- 19.1 The expenses of Admission and the Subscription are estimated to be £1,081,319 (including VAT) and are payable by the Company. Except for fees payable to professional advisers, no person received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the date of this Document or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 19.2 Save as detailed in the Patent Report on the DG Innovate Group in Part VI of this Document, the Enlarged Group is not dependent on any other patents or other intellectual property rights, or particular contracts which are or may be of fundamental importance to the Enlarged Group's business.
- 19.3 Neither the Company nor any of the Directors are aware of the existence of any public takeover offer in respect of the share capital of the Company. No takeover offers for the Company have been made during the last two financial years.
- 19.4 The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial period ending 31 December 2021.
- 19.5 The Directors are unaware of any exceptional factors which have influenced the Enlarged Group's activities.
- 19.6 There are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 19.7 Save for DG Innovate's product development and current projects as described in paragraphs 4 and 5 of Part III of this Document, the Enlarged Group has no material investments for each financial year covered by the historic financial information and there are no material investments in progress and there are no principal future investments on which the Board has made a firm commitment.
- 19.8 Save for DG Innovate's joint research and development partnerships, as described in paragraph 6 of Part III of this Document, the Enlarged Group is not party to any joint ventures and save for its subsidiaries holds no capital in any undertakings that are likely to have a significant effect on the Enlarged Group's assets and liabilities, financial position or profits and losses.
- 19.9 The auditors of the Company are PKF Littlejohn LLP of 15 Westferry Circus, Canary Wharf, London, E14 4HD and have been the auditors of the Company since February 2019. PKF Littlejohn LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 19.10 Where information in this Document has been sourced from third parties, the Directors confirm that such information has been accurately reproduced and, so far as the Directors, and the Company are able to ascertain from such source and other information published by that third party, no facts have been emitted which would render the reproduced information inaccurate or misleading.
- 19.11 There are no current ratings or outlooks publicly accorded to the Company by ratings agencies.
20. **Documents available for inspection and availability of this Document**
- 20.1 Copies of the following documents for the Company will be available for inspection free of charge at the Company's registered office at 15 Victoria Mews, Cottingley Business Park, Millfield Road,

Bingley, BD16 1PY during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this Document and on the Company's website [www.pathinvestmentsplc.com](http://www.pathinvestmentsplc.com) until 12 months after the date of this Document:

- (i) the Articles of Association;
  - (ii) the articles of association of DG Innovate;
  - (iii) the Annual Report and Financial Statements for the Company for the three years ended 31 December 2020;
  - (iv) the unaudited interim results for the Company for the six months ended 30 June 2021;
  - (v) the audited accounts of the DG Innovate Group for the years ended 31 March 2021, 31 March 2020 and 31 March 2019;
  - (vi) the unaudited interim results for the DG Innovate Group for the six months ended 30 September 2021;
  - (vii) the unaudited pro forma financial information of the Enlarged Group referred to in Part XII of this Document;
  - (viii) the accountant's report on the financial information of the DG Innovate Group;
  - (ix) the accountant's report on the pro forma financial information of the Enlarged Group referred to in Part XII of this Document;
  - (x) the Patent Report on the DG Innovate Group in Part VI provided by Womble Bond Dickinson (UK) LLP;
  - (xi) the written consent of PKF Littlejohn LLP referred to in paragraph 18.1 of Part XIV of this Document;
  - (xii) the written consent of Grant Thornton referred to in paragraph 18.2 of Part XIV;
  - (xiii) the written consent of Womble Bond Dickinson (UK) LLP referred to in paragraph 18.4 of Part XIV of this Document.
  - (xiv) the service agreements and letters of appointment for the Directors referred to in paragraph 8 above;
  - (xv) the material contracts referred to in paragraph 12 above; and
  - (xvi) this Document.
- 20.2 This Document and the other documents the Company is required to make available for inspection will be displayed on the Company's website, [www.pathinvestmentsplc.com](http://www.pathinvestmentsplc.com).
- 20.3 A copy of this Document will be sent to you in hard copy form if requested in writing at the Company's registered address or by telephone on 020 3934 6632.

## PART XV. DOCUMENTS INCORPORATED BY REFERENCE

Audited financial information on the Company and its subsidiaries is published in the Annual Report and Financial Statements for the years ended 31 December 2020, 31 December 2019 and 31 December 2018. Historical financial information contained in the 2020, 2019 and 2018 Annual Report and Financial Statements is expressly incorporated by reference into this Document as detailed below.

The historical financial information for the years ended 31 December 2020 and 31 December 2019 were audited by PKF Littlejohn LLP.

The historical financial information for the year ended 31 December 2018 was audited by H W Fisher & Company. H W Fisher & Company were replaced as auditors by PKF Littlejohn LLP on 20 May 2019.

All reports were without qualification and contained no statements under section 498(2) or (3) of the Act and were prepared in accordance with International Financial Reporting Standards and are being incorporated by reference.

The Annual Report and Financial Statements incorporated by reference, all of which have been filed with the Companies Registrar as required under the Act and previously published as required by the Listing Rules are available on the Investor section of the Company's website at <https://www.pathinvestmentsplc.com/financial-reports/>

The Company's unaudited interim accounts for the six months ended 30 June 2021 with comparative unaudited interim accounts for the six months ended 30 June 2020 are also incorporated by reference into this Document as detailed below. The Unaudited Interim Accounts have not been reviewed by the Group's auditor pursuant to the Financial Reporting Council guidance on "Review of Interim Financial Information".

This Prospectus should therefore be read and construed in conjunction with:

- the Annual Report and Financial Statements for the financial years ended 31 December 2020, 31 December 2019 and 31 December 2018 together with the audit report thereon; and
- the unaudited Interim Financial Statements for the period ended 30 June 2021.

The table below sets out the various sections of such documents which are incorporated by reference into this Document, so as to provide the information required pursuant to the Prospectus Regulation and to ensure that this Document contains the relevant reduced information which is necessary to enable investors to understand the prospects of the Company and the financial position of the Company.

The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in this Document. Information that is itself incorporated by reference or referred or cross referred to in the documents below is not incorporated by reference into this Document. Except as set forth below, no other portion of these documents is incorporated by reference into this Document. These documents incorporated by reference are available for inspection in accordance with paragraph 20 of Part XIV (Additional Information).

Reference document	Information incorporated by reference	Page number in reference document
Annual Report and Financial Statements for the Year ended 31 December 2020	Independent Auditors' Report	25-29
	Statement of Comprehensive Income	30
	Statement of Changes in Equity	31
	Statement of Financial Position	32
	Statement of Cash Flows	33
	Notes to the Financial Statements	34
Annual Report and Financial Statements for the Year ended 31 December 2019	Independent Auditors' Report	26-29
	Statement of Comprehensive Income	30
	Statement of Changes in Equity	31
	Statement of Financial Position	32
	Statement of Cash Flows	33
	Notes to the Financial Statements	34 – 49

<b>Reference document</b>	<b>Information incorporated by reference</b>	<b>Page number in reference document</b>
Annual Report and Financial Statements for the Year ended 31 December 2018	Independent Auditors' Report	26-29
	Statement of Comprehensive Income	30
	Statement of Changes in Equity	31
	Statement of Financial Position	32
	Statement of Cash Flows	33
	Notes to the Financial Statements	34 – 49
Unaudited Interim Accounts for the six months ended 30 June 2021	Statement of Comprehensive Income	1
	Statement of Changes in Equity	1
	Statement of Financial Position	1
	Statement of Cash Flows	1
	Notes to the Financial Statements	1

## PART XVI. DEFINITIONS

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

<b>"\$" or "dollars"</b>	US dollars, the lawful currency of the United States
<b>"£" or "sterling" or "British Pounds"</b>	UK pounds sterling, the lawful currency of the United Kingdom
<b>"€" or "euros"</b>	Euros, the lawful currency of various member states of the European Union
<b>"Acquisition"</b>	means the acquisition of 100 per cent. of the issued share capital of DG Innovate by the Company in accordance with the terms of the SPA further details of which are set out in paragraph 12.1 of Part XIV (Additional Information)
<b>"Act" or "Companies Act"</b>	Companies Act 2006 (as amended)
<b>"Admission" or "Re-Admission"</b>	admission of the New Ordinary Shares and re-admission of the Existing Ordinary Shares to trading on the Main Market becoming effective
<b>"AIM"</b>	the market of that name operated by the London Stock Exchange
<b>"Annual Report and Financial Statements"</b>	the annual report and financial statements of the Company for the years ended 31 December 2020, 31 December 2019 and 31 December 2018
<b>"Articles of Association" or "Articles"</b>	the existing articles of association of the Company adopted on 10 October 2016, a summary of certain provisions of which is set out in paragraph 4 of Part XIV of this Document
<b>"Board"</b>	the board of directors of the Company
<b>"Brexit"</b>	means the UK's departure from the European Union which came into effect on 31 December 2020;
<b>"certificated" or "in certificated form"</b>	in relation to an Ordinary Share, recorded on the Company's register of members as being held in certificated form (that is, not in CREST)
<b>"Company" or "Path"</b>	means Path Investments plc, a company incorporated in England and Wales with company number 04006413, whose registered office is at 15 Victoria Mews, Cottingley Business Park, Millfield Road, Bingley, BD16 1PY
<b>"Completion"</b>	means completion of the Acquisition, the Subscription and Admission
<b>"Concert Party"</b>	the members of the Concert Party set out in paragraph 5.1 of Part VII of this Document
<b>"Concert Party Options"</b>	205,226,151 LTIP Options held by the members of the Concert Party
<b>"Connected Persons"</b>	has the meaning attributable to it in sections 252 - 254 of the Companies Act
<b>"Consideration Share Issue Price"</b>	0.6 pence per Consideration Share
<b>"Consideration"</b>	the Initial Consideration Shares and the Deferred Consideration Shares

## **Shares"**

<b>"Control"</b>	means: (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (a) cast, or control the casting of, more than 50 per cent. Of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; and/or (ii) the holding beneficially of more than 50 per cent. Of the issued shares of the Company (excluding any issued shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital);
<b>"Convertible Loan Stock"</b>	the convertible unsecured loan stock (nominal £200,000) constituted under an instrument dated 3 April 2018
<b>"Corporate Governance Code"</b>	the UK Corporate Governance Code issued by the Financial Reporting Council, as in force from time to time
<b>"Corporate Social Responsibility"</b>	means a company's initiatives to assess and take responsibility for its effects on environmental and social wellbeing
<b>"CREST"</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
<b>"CREST Regulations" or "Regulations"</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
<b>"Deferred Consideration Shares"</b>	the 895,610,844 Ordinary Shares that subject to achievement of the Deferred Consideration Targets will be issued to the Sellers on the first anniversary of Admission in connection with the Acquisition as set out in the SPA
<b>"Deferred Consideration Targets"</b>	the obtention within 12 months following completion by the DG Innovate Group of one or more supply contract(s) with a combined value of £5,000,000 or more, or (as may be agreed in writing between the Company and the Sellers' Representative) with a combined potential value of £5,000,000 or more
<b>"Deferred Shares"</b>	means Deferred Shares of £0.399 each in the capital of the Company, having the rights and being subject to the restrictions set out in the Articles, all of which were acquired by the Company and cancelled on 1 October 2020
<b>"DG Innovate Group"</b>	means DG Innovate Limited and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)
<b>"DG Innovate" or "DGI"</b>	means DG Innovate Limited, a company registered in England and Wales
<b>"DGI Shareholder Loans"</b>	(i) the loan facility set out in the loan agreement between DG Innovate (as borrower) and Michael Depper (as lender) dated 1 December 2018, and (ii) the loan facility set out in the loan agreement between DG Innovate (as borrower) and Trevor Gabriel (as lender) dated 1 December 2018
<b>"Directors"</b>	the Existing Directors and the Proposed Directors
<b>"Document"</b>	means this prospectus
<b>"DTR" or</b>	the disclosure guidance and transparency rules made by the FCA under section

<b>"Disclosure Guidance and Transparency Rules"</b>	73A of FSMA as amended from time to time
<b>"EEA"</b>	the European Economic Area
<b>"Enlarged Group"</b>	means the Company and its subsidiary undertakings from time to time and DG Innovate and its subsidiaries from time to time
<b>"Enlarged Share Capital"</b>	the entire issued ordinary share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>"Euroclear"</b>	Euroclear UK and Ireland Limited, the operator of CREST
<b>"EUWA"</b>	European Union (Withdrawal) Act 2018
<b>"Exercise Acceleration Condition"</b>	a period of 10 consecutive Business Days during which the volume weighted average price of the Ordinary Shares traded in the ordinary course of business on the Main Market is not less than £0.01 as reported by Bloomberg Finance, L.P.
<b>"Exercise Acceleration Notice"</b>	a public announcement by the Company notifying Warrantholders that the subscription period is due to expire in 10 Business Days following satisfaction of the Exercise Acceleration Condition
<b>"Existing Directors"</b>	the existing Directors of the Company, as named on page 28
<b>"Existing Options"</b>	means the existing options over 1,360,497,500 new Ordinary Shares that have been granted by the Company prior to the date of this Document, as detailed in paragraph 3.12.1 of Part XIV of this Document
<b>"Existing Ordinary Shares"</b>	the 2,029,463,802 Ordinary Shares that are in issue at the date of this Document
<b>"Existing Shareholder Subscribers"</b>	the Existing Shareholders who have agreed to subscribe for Subscription Shares pursuant to the Subscription, including amongst others John Story
<b>"Existing Shareholders"</b>	the Shareholders at the date of this Document
<b>"FCA"</b>	the UK Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 of FSMA
<b>"Fee Shares"</b>	the 75,000,000 new Ordinary Shares to be allotted and issued by the Company to Patronus Partners Limited and John Story pursuant to the Patronus Partners Engagement Letter and the Underwriting Agreement, as summarised in paragraphs 12.17 and 12.18 of Part XIV of this Document
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended
<b>"FTSE Indexation"</b>	the FTSE UK Index Series is designed to represent the performance of UK companies, providing market participants with a comprehensive and complementary set of indices that measure the performance of all capital and industry segments of the UK equity market
<b>"Fully Diluted Enlarged Share Capital"</b>	the Enlarged Share Capital plus the Deferred Consideration Shares and new Ordinary Shares to be issued following the exercise of all Warrants and Options

<b>"Further Advance"</b>	the £450,000 facility made available by the Company to DG Innovate under the Loan Agreement, as amended on 1 February 2022
<b>"General Meeting"</b>	means the general meeting of the Company proposed to be held at 2:00 p.m. on 1 April 2021, the notice of which is set out in this Document
<b>"Grant Thornton"</b>	Grant Thornton UK LLP
<b>"Group"</b>	the Company and its subsidiaries, Path USA Holdings Limited and SPV 2020 Limited
<b>"HMRC"</b>	Her Majesty's Revenue & Customs
<b>"Independent Shareholders"</b>	means those shareholders independent of the Acquisition who are capable of voting on the Whitewash Resolution pursuant to the Takeover Code, being all of the shareholders of the Company except for (1) David Williams and Wentworth Limited and (2) Existing Shareholder Subscribers
<b>"Initial Advance"</b>	the £600,000 loan facility made available by the Company to DG Innovate under the Loan Agreement
<b>"Initial Consideration Shares"</b>	the 5,397,451,305 new Ordinary Shares to be issued to the Sellers on Completion in connection with the Acquisition as set out in the SPA
<b>"IRR"</b>	a metric used in capital budgeting measuring the profitability of potential investments
<b>"Joint Brokers"</b>	Monecor (London) Limited (trading as ETX Capital) and W.H. Ireland Limited
<b>"Last Practicable Date"</b>	11 March 2022
<b>"LEI"</b>	Legal Entity Identifier
<b>"Listing Rules"</b>	means the listing rules of the FCA made pursuant to section 73A of FSMA as amended from time to time
<b>"Loan Agreement"</b>	the agreement between the Company and DG Innovate in respect of a total loan facility of £600,000 made on 12 August 2021 and amended on 1 February 2022 to provide a further loan facility of up to £450,000
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"LTIP"</b>	the long term incentive plan adopted by the Company conditionally upon Admission, as detailed in paragraph 3.13 of Part XIV of this Document
<b>"LTIP Options"</b>	the options granted over new Ordinary Shares under the LTIP
<b>"Main Market"</b>	the Main Market for listed securities of the London Stock Exchange
<b>"Net Subscription Proceeds"</b>	means the funds received by the Company on completion of the Subscription less any expenses paid or payable in connection with Admission, the Subscription
<b>"New Ordinary Shares"</b>	means the Initial Consideration Shares, the Subscription Shares, the Warrant Shares and the Fee Shares
<b>"Official List"</b>	the Official List of the FCA
<b>"Options"</b>	the Existing Options and LTIP Options



<b>"Ordinary Shares"</b>	ordinary shares with a nominal value of £0.001 each in the capital of the Company, having the rights and being subject to the restrictions set out in the Articles
<b>"Partially Diluted Enlarged Share Capital"</b>	the Enlarged Share Capital plus the Deferred Consideration Shares and new Ordinary Shares to be issued following the exercise of the Concert Party Options
<b>"PDMR"</b>	person discharging managerial responsibilities, as defined in Article 3(1)(25) of MAR
<b>"Premium Listing"</b>	a Premium Listing under Chapter 6 of the Listing Rules, pursuant to which a company is subject to the full requirements of the Listing Rules
<b>"Proposed Directors"</b>	the proposed Directors of the Company to be appointed on Admission, as named on page 28
<b>"Prospectus Regulation"</b>	Regulation (EU) 2017/1129 of the European Parliament and Council of 14 June 2017
<b>"Prospectus Regulation Rules"</b>	the Prospectus Regulation Rules made by the FCA under section 73 A FSMA
<b>"Record Date of the General Meeting"</b>	means 30 March 2022
<b>"Relationship Agreement"</b>	means the agreement dated 12 August 2021 entered into between the Company and Martin Boughtwood which will regulate the on-going relationship between them from Admission
<b>"Resolutions"</b>	the resolutions to be proposed at the General Meeting
<b>"Reverse Takeover"</b>	a transaction defined as a reverse takeover under Listing Rule 5.6.4 (1) and (2)
<b>"Rule 9 Waiver"</b>	means the waiver of the obligations of the Concert Party to make a general offer for the Enlarged Group under Rule 9 of the Takeover Code which may otherwise arise as a consequence of the issue of the Consideration Shares and Concert Party Options to the Concert Party granted by the Panel conditional upon approval of the Independent Shareholders voting on a poll, further details of which are set out in Part I of this Document;
<b>"Sellers"</b>	means the selling shareholders of DG Innovate pursuant to the SPA and the Supplemental SPA, and "Seller" to be construed accordingly
<b>"Sellers' Representative"</b>	means the representative of the Sellers appointed under the terms of the SPA
<b>"Shareholders"</b>	holders of Ordinary Shares
<b>"SPA" or "Share Purchase Agreement"</b>	means the agreement relating to the sale and purchase of shares in DG Innovate entered into between (1) the Company; and (2) the Sellers on 12 August 2021, as amended by deed on 1 February 2022
<b>"Standard Listing"</b>	means a listing on the Standard Listing segment of the Official List under Chapter 14 of the Listing Rules
<b>"Subscriber"</b>	an investor who has agreed to subscribe for Subscription Shares pursuant to the Subscription

<b>"Subscription"</b>	means the subscription by investors for Subscription Shares
<b>"Subscription Letters"</b>	the conditional subscription letters made between the Company and the institutional investors relating to the Subscription
<b>"Subscription Price"</b>	means 0.5 pence per Ordinary Share
<b>"Subscription Shares"</b>	the 510,000,000 new Ordinary Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription
<b>"Supplemental Sellers"</b>	means the Sellers under the Supplemental SPA who following the exercise of their options over shares in DG Innovate have agreed to sell such shares to the Company under the Acquisition
<b>"Supplemental SPA"</b>	means a supplemental share purchase agreement dated 1 February 2022 and entered into between (1) the Company; and (2) the Supplemental Sellers
<b>"Takeover Code"</b>	means the City Code on Takeovers and Mergers
<b>"Takeover Panel" or "Panel"</b>	the Panel on Takeovers and Mergers
<b>"Transaction Costs"</b>	means all transaction costs incurred by the Company in connection with the Acquisition, the Subscription and Admission
<b>"UK Corporate Governance Code"</b>	means the UK Corporate Governance Code issued by the Financial Reporting Council in the U.K. from time to time
<b>"UK MAR" or "UK Market Abuse Regulation 2014"</b>	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which is part of the UK law by virtue of the EUWA
<b>"UK Prospectus Regulation"</b>	the UK version of the Prospectus Regulation, which is part of the UK law by virtue of the EUWA
<b>"uncertificated" or "in uncertificated form"</b>	in relation to an Ordinary Share, recorded on the Company's register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"VAT"</b>	value added tax
<b>"Voting Rights"</b>	the voting rights attributable to the capital of a company which are currently exercisable at a general meeting
<b>"Warrant Exercise Notices"</b>	the irrevocable Warrant exercise notices signed by certain holders of Warrants (0.25), as summarised in paragraph 12.13 of Part XIV of this Document
<b>"Warrant Exercise Proceeds"</b>	the aggregate subscription monies paid to the Company following exercise of 830,800,000 Warrants (0.25)
<b>"Warrant Shares"</b>	the new Ordinary Shares to be issued on Admission following exercise of the

	Warrants (0.25)
<b>"Warrants"</b>	Warrants (0.25), Warrants (0.50) and Warrants (1p)
<b>"Warrants (0.25)"</b>	the warrants to subscribe for new Ordinary Shares (with an exercise price of £0.0025 per new Ordinary Share) constituted by the Company under an instrument dated 18 March 2021, as summarised in paragraph 12.10 of Part XIV of this Document
<b>"Warrants (0.50)"</b>	the warrants to subscribe for new Ordinary Shares (with an exercise price of £0.005 per new Ordinary Share) constituted by the Company under an instrument dated 18 March 2021 and subsequently varied by a deed of variation dated 9 March 2022, as summarised in paragraph 12.11 of Part XIV of this Document
<b>"Warrants (1p)"</b>	the warrants to subscribe for new Ordinary Shares (with an exercise price of £0.01 per new Ordinary Share) constituted by the Company under an instrument dated 9 March 2022 as summarised in paragraph 12.12 of Part XIV of this Document
<b>"Whitewash Resolution"</b>	the resolution proposed at the GM for the Independent Shareholders to approve the Rule 9 Waiver

## PART XVII. GLOSSARY OF TECHNICAL TERMS

The following technical terms apply throughout this Document unless the context otherwise requires:

<b>AC</b>	Alternating current
<b>Anode</b>	The positive electrode
<b>Capacitor</b>	A device that stores electrical energy in an electric field
<b>Cathode</b>	The negative electrode
<b>Copper loss</b>	The term used to describe the energy dissipated by resistance in the wire used to wind a coil'
<b>DC</b>	Direct current
<b>DG Innovate C3 Hub Drive</b>	The current generation of DGI's hub drive, as developed for the UK Government
<b>Drivetrain</b>	The group of components of a vehicle that deliver power to the driving wheels
<b>Efficiency</b>	The ratio of mechanical power delivered by the motor (output) to the electrical power supplied to the motor (input)
<b>Electric motor</b>	A machine that converts electrical energy into mechanical energy (also is a generator when mechanically back driven)
<b>Electrode</b>	An electric conductor that carries current in a battery cell
<b>Electrolyte</b>	An electrically conducting solution
<b>Electro-Magnetic Interference</b>	A disturbance generated by an electrical system that affects another electrical system by unintended electromagnetic, electrostatic or conductive coupling.
<b>Energy storage density</b>	A measure of how much energy a battery contains in proportion to its weight
<b>Enhanced Battery Technology (EBT)</b>	Sodium-ion batteries offering a sustainable energy storage solution at similar/greater energy density to incumbent technologies at a lower cost, increased safety with lower environmental footprint
<b>Enhanced Drive Technology (EDT)</b>	High efficiency, electric motors and electronics
<b>EV</b>	Electric vehicle
<b>Generator</b>	A machine that converts mechanical energy into electrical energy (also is a motor when supplied with electrical energy)
<b>Hub motor</b>	An electric motor / generator that is incorporated into the hub of a wheel and drives & brakes it directly
<b>Innovate UK or IUK</b>	The United Kingdom's innovation agency, which provides grants and support to organisations to make new products and services
<b>kW/l</b>	Kilowatt per litre – a measure of power density
<b>LFP</b>	Iron, Phosphate based Lithium-ion cells
<b>Lithium-ion battery</b>	A type of rechargeable battery using Lithium ions as the current transfer / storage means
<b>Lithium-ion phosphate</b>	A type of lithium-ion battery using lithium iron phosphate as the cathode material
<b>MRL</b>	Manufacturing Readiness level - a ranking system used to assess the maturity level of the manufacturing processes for a product
<b>NCA</b>	Nickel, Cobalt, Aluminium based lithium-ion cells
<b>Nm</b>	Newton metres – a measure of torque
<b>NMC</b>	Nickel, Manganese, Cobalt based lithium-ion cells
<b>OEM</b>	A company that manufactures and sells final products under its own branding - vehicle manufacturers for example
<b>POC</b>	Proof of concept

<b>Pouch cell</b>	A plastic envelope format battery cell which offers a simple low cost, flexible and lightweight design
<b>Power density</b>	The amount of power (time rate of energy transfer) per unit volume
<b>Powertrain</b>	A vehicles engine and/or electric motor, and drivetrain
<b>Sodium-ion</b>	A type of rechargeable battery using Sodium ions as the current transfer / storage means
<b>Supercapacitor</b>	A high-capacity capacitor
<b>Tier 1 supplier</b>	A company that supplies parts or systems directly to OEMs
<b>Tier 2 supplier</b>	A company that supplies parts or systems to a Tier 1 supplier
<b>Torque</b>	Rotational force
<b>Transmission</b>	A mechanical term which refers to the drivetrain of a vehicle, including clutch, gearbox, prop shaft (for rear-wheel drive vehicles), differential, and final drive shafts; often colloquially used to refer to the gearbox alone
<b>TRL</b>	Technology Readiness Level - a ranking system used to assess the maturity level of a particular technology
<b>Voltage</b>	The difference in electric potential between two points
<b>Wh/kg</b>	Watt-hours per kilogram – a measure of energy density

### Automotive Technology and Manufacturing Readiness Levels

The table below details ten stages of maturity for a product to:

- deliver its function (Technology Readiness)
- be produced (Manufacturing Readiness)

TRL	Technology Readiness	MRL	Manufacturing Readiness
1	<ul style="list-style-type: none"> <li>• Basic Principles have been observed and reported</li> <li>• Scientific research undertaken</li> <li>• Scientific research is beginning to be translated into applied research and development</li> </ul> <p>Paper studies and scientific experiments have taken place</p> <ul style="list-style-type: none"> <li>• Performance has been predicted</li> </ul>		
2	<ul style="list-style-type: none"> <li>• Speculative applications have been identified</li> <li>• Exploration into key principles is ongoing</li> <li>• Application specific simulations or experiments have been undertaken</li> <li>• Performance predictions have been refined</li> </ul>		<ul style="list-style-type: none"> <li>• A high level assessment of manufacturing opportunities has been made</li> </ul>
3	<ul style="list-style-type: none"> <li>• Analytical and experimental assessments have identified critical functionality and/or characteristics</li> <li>• Analytical and laboratory studies have physically validated predictions of separate elements of the technology or components that are not yet integrated or representative</li> </ul>	1	<ul style="list-style-type: none"> <li>• Basic Manufacturing Implications have been identified</li> <li>• Materials for manufacturing have been characterised and assessed</li> </ul>

<b>TRL</b>	<b>Technology Readiness</b>	<b>MRL</b>	<b>Manufacturing Readiness</b>
	<ul style="list-style-type: none"> <li>Performance investigation using analytical experimentation and/or simulations is underway</li> </ul>		
<b>4</b>	<ul style="list-style-type: none"> <li>The technology component and/or basic subsystem have been validated in the laboratory or test house environment</li> <li>The basic concept has been observed in other industry sectors (e.g. Space, Aerospace)</li> <li>Requirements and interactions with relevant vehicle systems have been determined</li> </ul>	<b>2</b>	<ul style="list-style-type: none"> <li>Manufacturing concepts and feasibility have been determined and processes have been identified</li> <li>Producibility assessments are underway and include advanced design for manufacturing considerations</li> </ul>
<b>5</b>	<ul style="list-style-type: none"> <li>The technology component and/or basic subsystem have been validated in relevant environment, potentially through a mule or adapted current production vehicle</li> <li>Basic technological components are integrated with reasonably realistic supporting elements so that the technology can be tested with equipment that can simulate and validate all system specifications within a laboratory, test house or test track setting with integrated components</li> <li>Design rules have been established</li> <li>Performance results demonstrate the viability of the technology and confidence to select it for new vehicle programme consideration</li> </ul>	<b>3</b>	<ul style="list-style-type: none"> <li>A manufacturing proof-of-concept has been developed</li> <li>Analytical or laboratory experiments validate paper studies</li> <li>Experimental hardware or processes have been created, but are not yet integrated or representative</li> <li>Materials and/or processes have been characterised for manufacturability and availability</li> <li>Initial manufacturing cost projections have been made</li> <li>Supply chain requirements have been determined</li> </ul>
<b>6</b>	<ul style="list-style-type: none"> <li>A model or prototype of the technology system or subsystem has been demonstrated as part of a vehicle that can simulate and validate all system specifications within a test house, test track or similar operational environment</li> <li>Performance results validate the technology's viability for a specific vehicle class</li> </ul>	<b>4</b>	<ul style="list-style-type: none"> <li>Capability exists to produce the technology in a laboratory or prototype environment</li> <li>Series production requirements, such as in manufacturing technology development, have been identified</li> <li>Processes to ensure manufacturability, producibility and quality are in place and are sufficient to produce demonstrators</li> <li>Manufacturing risks have been identified for prototype build</li> <li>Cost drivers have been confirmed</li> <li>Design concepts have been optimised for production</li> <li>APQP processes have been scoped and are initiated</li> </ul>
<b>7</b>	<ul style="list-style-type: none"> <li>Multiple prototypes have been demonstrated in an operational, on-</li> </ul>	<b>5</b>	<ul style="list-style-type: none"> <li>Capability exists to produce prototype components in a production relevant</li> </ul>

TRL	Technology Readiness	MRL	Manufacturing Readiness
	<p>vehicle environment</p> <ul style="list-style-type: none"> <li>• The technology performs as required</li> <li>• Limit testing and ultimate performance characteristics are now determined</li> <li>• The technology is suitable to be incorporated into specific vehicle platform development programmes</li> </ul>		<p>environment</p> <ul style="list-style-type: none"> <li>• Critical technologies and components have been identified</li> <li>• Prototype materials, tooling and test equipment, as well as personnel skills have been demonstrated with components in a production relevant environment</li> <li>• FMEA and DFMA have been initiated</li> </ul>
8	<ul style="list-style-type: none"> <li>• Test and demonstration phases have been completed to customer's satisfaction</li> <li>• The technology has been proven to work in its final form and under expected conditions</li> <li>• Performance has been validated, and confirmed</li> </ul>	6	<ul style="list-style-type: none"> <li>• Capability exists to produce integrated system or subsystem in a production relevant environment</li> <li>• The majority of manufacturing processes have been defined and characterised</li> <li>• Preliminary design of critical components has been completed</li> <li>• Prototype materials, tooling and test equipment, as well as personnel skills have been demonstrated on subsystems/ systems in a production relevant environment</li> <li>• Detailed cost analyses include design trades</li> <li>• Cost targets are allocated and approved as viable</li> <li>• Producibility considerations are shaping system development plans</li> <li>• Long lead and key supply chain elements have been identified</li> </ul>
9	<ul style="list-style-type: none"> <li>• The actual technology system has been qualified through operational experience</li> <li>• The technology has been applied in its final form and under real-world conditions</li> <li>• Real-world performance of the technology is a success</li> <li>• The vehicle or product has been launched into the market place</li> <li>• Scaled up/down technology is in development for other classes of vehicle</li> </ul>	7	<ul style="list-style-type: none"> <li>• Capability exists to produce systems, subsystems or components in a production representative environment</li> <li>• Material specifications are approved</li> <li>• Materials are available to meet planned pilot line build schedule</li> <li>• Pilot line capability has been demonstrated including run at rate capability</li> <li>• Unit cost reduction efforts are underway</li> <li>• Supply chain and supplier Quality Assurances have been assessed</li> <li>• Long lead procurement plans are in place</li> <li>• Production tooling and test equipment design &amp; development has been initiated</li> <li>• FMEA and DFMA have been completed</li> </ul>

TRL	Technology Readiness	MRL	Manufacturing Readiness
		8	<ul style="list-style-type: none"> <li>• Initial production is underway</li> <li>• Manufacturing and quality processes and procedures have been proven in production environment</li> <li>• An early supply chain is established and stable</li> <li>• Manufacturing processes have been validated</li> </ul>
		9	<ul style="list-style-type: none"> <li>• Full/volume rate production capability has been demonstrated</li> <li>• Major system design features are stable and proven in test and evaluation</li> <li>• Materials are available to meet planned rate production schedules</li> <li>• Manufacturing processes and procedures are established and controlled to three-sigma or some other appropriate quality level to meet design characteristic tolerances in a low rate production environment</li> <li>• Manufacturing control processes are validated</li> <li>• Actual cost model has been developed for full rate production</li> </ul>
10	<ul style="list-style-type: none"> <li>• The technology is successfully in service in multiple application forms, vehicle platforms and geographic regions. In-service and life-time warranty data is available, confirming actual market life, time performance and reliability</li> </ul>	10	<ul style="list-style-type: none"> <li>• Full Rate Production is demonstrate</li> <li>• Lean production practices are in place and continuous process improvements are on-going</li> <li>• Engineering/design changes are limited to quality and cost improvements</li> <li>• System, components or other items are in rate production and meet all engineering, performance, quality and reliability requirements</li> <li>• All materials, manufacturing processes and procedures, inspection and test equipment are in production and controlled to six-sigma or some other appropriate quality level</li> <li>• Unit costs are at target levels and are applicable to multiple markets</li> <li>• The manufacturing capability is globally deployable</li> </ul>



## PART XVIII. NOTICE OF GENERAL MEETING

### Path Investments plc

Company number: 04006413 (the "Company")

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 2:00 p.m. on GM dated 1 April 2022 at the offices of Womble Bond Dickinson (UK) LLP, 4 More London Riverside, SE1 2AU to consider and, if thought fit, pass Resolutions 1 to 4 as ordinary resolutions and Resolutions 5 to 8 as special resolutions, as set out below.

Defined terms have the meaning given in Part XVI of the Prospectus.

#### Ordinary Resolutions

(1) **Rule 9 Waiver**

THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise for the selling shareholders of DG Innovate Limited to make a general offer to shareholders of the Company pursuant to Rule 9 of the Takeover Code on Takeovers and Mergers as a result of the issue of Initial Consideration Shares, Deferred Consideration Shares and Concert Party Options to them, as set out in the Prospectus of which this notice forms part, be and is hereby approved.

(2) **Authority to allot Consideration Shares**

THAT, subject to the passing of Resolution 1, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("**CA 2006**"), to exercise all powers of the Company to allot the Consideration Shares up to an aggregate nominal amount of £6,293,063 to the shareholders of DG Innovate Limited in consideration for the sale of their shares in DG Innovate Limited in connection with the Acquisition on the terms set out in the SPA, such authority to expire on the date falling fifteen months after the date of the passing of this Resolution.

(3) **Authority to allot Subscription Shares**

THAT, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot the Subscription Shares at the Subscription Price up to an aggregate nominal amount of £510,000 to the Subscribers, such authority to expire on the date falling twelve months after the date of the passing of this Resolution.

(4) **Authority to allot Warrants (1p)**

THAT, in addition to any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot the Warrants (1p) up to an aggregate nominal amount of £670,400 to the Subscribers and the holders of the Warrants (0.25), such authority to expire on the date falling twelve months after the date of the passing of this Resolution.

#### Special Resolutions

(5) **Disapplication of pre-emption rights on allotment of Subscription Shares**

THAT, subject to the passing of Resolution 3, the Directors be generally empowered pursuant to section 570 of the CA 2006 to allot the Subscription Shares under the authority conferred in Resolution 3 for cash as if section 561 of the CA 2006 did not apply to such allotments, provided that this power shall:

- (i) be limited to the allotment to the Subscribers of the Subscription Shares up to an aggregate nominal value not exceeding £510,000; and
- (ii) expire on the date falling twelve months after the date of the passing of this Resolution.

(6) **Disapplication of pre-emption rights on allotment of Warrants (1p)**

THAT, subject to the passing of Resolution 4, the Directors be generally empowered pursuant to section 570 of the CA 2006 to allot the Warrants (1p) under the authority conferred in Resolution 4

as if section 561 of the CA 2006 did not apply to such allotments, provided that this power shall:

- (i) be limited to the allotment to the Subscribers and the holders of Warrants (0.25) of the Warrants (1p) up to an aggregate nominal value not exceeding £670,400 and
- (ii) expire on the date falling twelve months after the date of the passing of this Resolution.

(7) **Change of name**

THAT, subject to and with effect from Completion, the Company changes its name to DG Innovate plc.

(8) **New articles of association**

THAT, subject to and with effect from Completion, the draft articles of association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

BY ORDER OF THE BOARD

*Registered Office Address:*

15 Victoria Mews, Cottingley Business Park, Millfield Road,  
Bingley, BD16 1PY

Date: 14 March 2022

## Notes to the Notice of General Meeting

### Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

- 6.00 p.m. on 30 March 2022; or
- if this meeting is adjourned, at 6.00 pm on the day two days before the adjourned meeting

shall be entitled to attend, speak and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Only the Independent Shareholders are eligible to vote on Resolution 1.

### Information regarding the meeting available on website

3. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at [www.pathinvestmentsplc.com](http://www.pathinvestmentsplc.com).

### Appointment of proxies

4. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint one or more proxies to exercise all or any of your rights at the meeting and you should have received a proxy form with this notice of meeting. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

5. You may appoint more than one proxy, provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact the Company's registrars, Link Group, PSX1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed.

6. Shareholders can:

- Appoint a proxy or proxies and give proxy instructions by returning the enclosed proxy form by post (see note 6).
- If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 7).

### Appointment of proxy by post

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; and
- received by Link Group no later than 2.00 p.m. on 30 March 2022.

In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact Link Group.

### Appointment of proxies through CREST

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK

& Ireland Ltd's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) no later than 2.00 p.m. on 30 March 2022, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (*SI 2001/3755*).

#### **Appointment of proxy by joint members**

9. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### **Changing proxy instructions**

10. Shareholders may change proxy instructions by submitting a new proxy appointment. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group, PSX1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointment**

11. A shareholder may terminate a proxy instruction, but to do so you will need to inform the Company by no later than 2.00 p.m. on 30 March 2022 in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group, PSX1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

#### **Corporate representatives**

12. A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that they do not do so in relation to the same shares.

#### **Issued shares and total voting rights**

13. As at 6.00 p.m. on 14 March 2022, the Company's issued share capital consists of 2,029,463,802 ordinary shares of £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 14 March

2022 is 2,029,463,802.

It is proposed that all votes on the Resolutions at the General Meeting will be taken by way of a poll. On a vote by poll, every ordinary shareholder has one vote for every ordinary share held.

The Company's website will include information on the number of shares and voting rights.

#### **Submission of hard copy and electronic requests and authentication requirements**

14. Where a shareholder or shareholders wish to request the Company to publish audit concerns such request must be made by sending a hard copy request which is signed by you, states your full name and address to the Company at 15 Victoria Mews, Mill Field Road, Bingley, BD16 1PY.

#### **Nominated persons**

15. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to nominated persons. These rights can only be exercised by the shareholders of the company. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

- You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (Relevant Shareholder) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.

#### **Voting**

16. Voting on all resolutions will be conducted by way of a poll.

As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and posted on the Company's website.

#### **Questions about this document and the General Meeting**

17. Should shareholders have any questions relating to this document, please contact Link Group on 0371 664 0300 or email [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk). Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 8.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.