



**OTAQ plc**  
("OTAQ", or the "Company")

### **Interim Results for six months to 30 September 2021**

OTAQ (LSE: OTAQ), the marine technology products and solutions group for the global aquaculture and offshore oil and gas industries, announces results for the six months to 30 September 2021.

#### **Highlights:**

- Revenues for six months to 30 September 2021 of £1.8m (H1 FY21: £2.0m)
- Restructuring of senior management team to increase focus on sales led strategy, including appointment of new Chief Commercial Officer
  - Positioned to enter new markets with new products and technologies
- Actively engaged with Marine Scotland regarding regulation of ADDs in Scottish waters
  - Result of ADD trial anticipated in Q1 2022
  - Long term supply contracts with certain customers now ended
  - On-going discussions with Subpesca, the Chilean regulatory authority
  - Phase one of trial in Tasmania completed
- 288 Sealfence units rented by Chilean customers in the period
- Tracker technology obtained following the ROS Technology acquisition in November 2020
  - Clear pathway to commercialisation with prototypes delivered to a customer and trials being successfully completed
- OceanSense 4 and Lander (seabed survey device) with first sales made for each product
- Investment in Blue Lion Labs, a Canadian plankton detection business, to license its technology and develop plankton detection systems for use in the salmon market and other finfish sectors

#### **Post-Period Highlights**

- Successful conclusion of a six-month ADD trial with a major Chilean salmon farmer
- Multi-year supply agreement signed to support Minnowtech's launch into Asia
- 27 OTAQ sonars delivered to Minnowtech by end of December 2021 and an order placed for 100 more to be delivered in Q4
  - Increased visibility in the shrimp market highlighting strength of broadened portfolio
- Order for tracking technology secured with expectation of around 600 units to be delivered to this customer in H2
  - Expected to lead to further sporting event tracking opportunities

**Commenting on the results and prospects, Phil Newby, Chief Executive at OTAQ, said:** "This was an extremely busy period for the Group - with the focus on commercialisation, product development and securing orders with a view to underpinning revenue visibility on the back of an increased product suite and routes to market.

"We have an exceptional technology set and are seeing increased demand in a growing number of geographies. The team has secured a number of new contracts and we believe that the momentum expected in the second half of the financial year will provide the basis for a step change as we move into the next financial period and beyond."

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## About OTAQ:

OTAQ is a highly innovative marine technology company focused on the marine aquaculture, offshore energy, renewables and oceanographic research sectors. It operates in four worldwide locations: Lancaster, Aberdeen and Ulverston in the UK and Puerto Montt in Chile.

OTAQ's marine technology portfolio includes a market-leading intelligent acoustic deterrent system, Sealfence, designed to protect marine-based aquaculture sites from predation, with multiple systems deployed in Scotland, Chile, Finland and Russia.

The Company's [Oceansense](#) leak detection systems have a global reputation as the industry standard solution and have been deployed successfully on hundreds of jobs. OTAQ's Dragonfish laser measurement system is fast becoming recognised as one of the most accurate underwater precision laser measurement systems available. OTAQ also has significant experience in the design and manufacture of underwater connectors, penetrators and communication systems.

It seeks to develop and continuously improve its products using its specialist mechanical, electronic and software engineers with decades of experience in bringing underwater technology products to market. Concurrently, OTAQ seeks to expand its technology portfolio through acquisitive growth, with the aim of further expanding its aquaculture and offshore product offering.

OTAQ is proud to be fully ISO 9001:2015 accredited through DNV-GL. ISO 9001 is an internationally recognised quality management system and demonstrates OTAQ's commitment to consistency, continual improvement and customer satisfaction. The certification also demonstrates its ability to consistently deliver products and services to market whilst meeting statutory and regulatory requirements by applying an effective quality management system.

## **Summary**

The Group presents its unaudited interim results for the period to 30 September 2021.

These interim results are presented against the backdrop of an uncertain regulatory environment in the Scottish salmon market, OTAQ's historically core market, due to an ongoing regulatory review by Marine Scotland, which has resulted in the ending of long-term rental contracts with certain customers. Accordingly, revenue has declined 10% compared with the same period last year to £1.8m, resulting in an adjusted EBITDA loss of £0.2m. Despite this, the Board believes that once the Marine Scotland position is concluded, indicated to be around the end of the first calendar quarter in 2022, the Group can deliver on the long-term strategic goals it has set out to deliver in order to realise OTAQ's potential and significantly increase shareholder value. The focus is to develop the Scotland salmon market, drive growth in Chile, leverage the fledgling Minnowtech investment in shrimp that is now revenue producing, and develop other new markets and products. Offshore and Connectors are in healthy positions to deliver double digit revenue growth this year and beyond. The product development team has also demonstrated its capabilities with several key new products delivered, including the Minnowtech shrimp sonar unit, and new Offshore products. The expected launch of the harmful algal bloom detection system in 2023 is expected to be of significance.

In August 2021 Richard Beesley joined the Group as Chief Commercial Officer and his appointment completes the senior management team and now gives the required resource and experience to allow a more committed and focussed sales approach. This is integral to the Group's strategy of penetrating new markets with new products and technologies.

## **Covid-19**

OTAQ has adapted to the new working environments under Covid-19 precautions. The Connectors division was impacted in the first months of the period through labour shortages and supply chain disruption but has recovered well in the final four months. Travel restrictions, that are now being lifted, have made business development more problematic but there are signs this is ending with Chile allowing international visitors from the beginning of November and a recent Offshore trade show being well attended.

## **Strategy**

The Group's strategy is to build a business of significance within the aquaculture industry focussed on helping aquaculture farmers, including salmon and other aquatic species, to become more productive by helping them overcome environmental challenges in their operations and become more efficient through the use of data and technology. The investment in Minnowtech LLC has given the Group visibility over the opportunities within the shrimp market and the Group is looking to further develop its presence in the shrimp sector.

The Group is also now actively exploring its opportunities in Norway, the world's largest salmon market, with a view to determining whether launching its operations there in 2022 is feasible.

## *Acquisitions*

Acquisitions form a key part of the Group's development strategy. In May 2021, OTAQ invested USD 300,000 in Blue Lion Labs LLC, a Canadian plankton detection business, for a 10% equity stake and a cooperation and licensing agreement to license its technology and develop plankton detection systems for use in the salmon market and other finfish sectors. Harmful algal blooms on salmon farms are a growing problem as the world's ocean temperatures rise; economically it is a very serious problem for the global aquaculture industry with often very catastrophic losses resulting from algal blooms. There is therefore a very strong appetite for technology that alleviates this issue.

## *Innovation*

Chris Hyde has now led all innovation for over a year following his appointment as Chief Technology Officer. New product launches have been delivered with the successful key development of Minnowtech LLC's sonar achieved. The tracker technology acquired following the ROS Technology acquisition in November 2020 was fully commercialised in this period with prototypes delivered to a customer and trials being successfully completed. The product development team will now look to develop this technology for use in related markets whilst the

business completes delivery in the second half of the year of around 600 units to the first customer. Other product launches include OceanSense 4 and Lander (seabed survey device) with first sales made against each product.

The development of the Live Plankton Analysis System (LPAS), intended to give salmon and other finfish farmers early warning of potentially catastrophic harmful algal blooms, is continuing with an expected launch in 2023. This project has been enhanced by the investment in and cooperation agreement signed with Blue Lion Labs LLC.

### **Regulation**

Regulation of the industry worldwide is still evolving due to the introduction of novel technologies and the demands of governing bodies who oversee food standards. OTAQ believes that clear regulation is a positive force in aquaculture, maintaining standards in the industry and rewarding those who have invested in their technology and the biological science behind it. The result will be a respected industry which limits the risk of under-invested competitors undermining competition.

As already detailed, OTAQ is actively engaged with Marine Scotland around regulation in Scottish waters but is also continuing discussions with Subpesca, the comparable Chilean authority. Phase one of a trial in Tasmania has been completed.

The Group also believes that Sealfence is compliant with the updated United States Marine Mammals Protection Act which will be fully enacted in January 2022. This will potentially open up the business development opportunities in North America and Norway as salmon exports to the USA are required to comply with the act which requires no marine animals to be harmed in the farming of salmon.

### **Trading**

Aquaculture revenue has been adversely impacted in the period at £0.9m (H1 2020: £1.2m) and against £2.6m in the full year to 31 March 2021. The aquaculture division has suffered from the challenges of Covid-19 travel restrictions and the uncertainty in the Scottish market resulting from the Marine Scotland regulatory review. However, despite ongoing travel restrictions, progress has been made in Chile with 288 (30 September 2020: 130) Sealfences units being rented by Chilean customers at the end of the period. The successful conclusion in October 2021 of a six-month trial with a major Chilean salmon farmer has resulted in discussions about a further rollout to the customer's sites. Chile also expects to see the final quarter launch of OTAQ's mooring inspection offering, which will utilise the Offshore division's Dragonfish laser measurement device, to provide a required service to ensure salmon farm moorings are operating as expected.

The Offshore division has performed well during the period with new product launches of OceanSense 4 and the seabed survey product, Lander, helping revenue to grow to £0.4m (H1 2020: £0.3m). The new products launched by the Offshore division, as well as the OceanSense agreement, are expected to help the division achieve double digit growth for the full year to 31 March 2022 of around £0.9m (2021: £0.5m).

The Connectors division moved into larger premises in November 2020 which has provided the required facility to help the division grow. Unfortunately, Connectors was impacted in the first two months of the year due to Covid-related supply issues and labour shortages but has recovered well in the final four months to achieve Revenue of £0.4m (H1 2020: £0.5m) and following several significant customer orders, is on track to exceed the sales of £0.9m achieved in the year to March 2021.

OTAQ's investment in the shrimp industry through Minnowtech LLC will see additional revenue in the second half of the year with 27 sonars delivered to Minnowtech by December 2021 and an order placed for 100 more to be delivered in Q4. This will deliver over £0.2m of revenue. Minnowtech's business plans forecast rollout of a high three figure number of sonars, which will be supplied by OTAQ, in the 2022 calendar year.

## Financial Highlights for the six months to 30 September 2021

Group	2021 £'000	2020 £'000	Change %
Revenue	1,821	2,031	(10.3%)
Gross profit	826	1,139	(27.4%)
Adjusted EBITDA*	(171)	385	(144.2%)
Net cash **	(1,286)	1,132	(213.6%)

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

	2021 £'000	2020 £'000
Operating loss	(747)	(157)
Amortisation of intangible assets	120	69
Covid-19 grant	-	108
IFRS 16 depreciation	77	43
Depreciation on property, plant and equipment	379	322
<b>Adjusted EBITDA</b>	<b>(171)</b>	<b>385</b>

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

	30 Sep 21 £'000	30 Sep 20 £'000
Cash and cash equivalents	1,160	1,939
Non-current lease liabilities	(321)	(277)
Current lease liabilities	(155)	(114)
Non-current financial liabilities	(1,607)	-
Current financial liabilities	(353)	-
Current deferred payment for acquisition	(187)	(270)
Non-current deferred payment for acquisition	-	(153)
Income tax asset	177	7
<b>Net (debt) / cash</b>	<b>(1,286)</b>	<b>1,132</b>

Adjusted EBITDA declined to a loss of £0.2 million from £0.4m in 2020. This decline resulted from lower Revenue in the period but also a change in the sales mix as higher EBITDA-contributing aquaculture revenue was replaced in part with lower margin product sales. There was additionally no grant in this period as there was in 2020 (2020: £0.1m). Overheads increased in part due to increased research costs incurred that have been required in order to gain regulatory approval for the Tasmanian salmon market as well as ongoing research costs supporting the Marine Scotland review.

The net debt position of £1.3m is a result of the losses generated in the period as well as continued development of the Group's research and development portfolio. Investment in Sealfence units has also continued as a result of the commitment to new Sealfences made in the first half of the previous financial year. In order to facilitate the development of the Group's Live Plankton Analysis System (LPAS), an investment in Blue Lion Labs LLC, a Canadian company with specialty in plankton detection, was made in May 2021 for USD 300,000.

## **Outlook**

The impact of the regulatory review in the Scottish aquaculture market is now being starkly felt and is evident in these results, and will impact the full year results. OTAQ is actively engaged with Marine Scotland and the Group continues to work towards the hoped for positive conclusion of this work around the end of the first calendar quarter of 2022.

As a result of the Group diversifying and developing its interests outside of the Scottish salmon market, Chile has seen growth in the first half of the year and the recent successful conclusion of a six-month trial with a major Chilean salmon farmer is expected to lead to increased growth in Chile in the second half of the year and beyond. The Group's investment and collaboration with Minnowtech LLC has resulted in a multi-year supply agreement signed to support Minnowtech's launch into Asia. Outside of aquaculture, the Offshore division has launched a survey product to support seabed surveys in the renewables sector with one unit sold already. The next iteration of the OceanSense product was also launched, named OceanSense 4, and is seeing strong interest with one unit sold for a large five figure sum. The Connectors division is now, although belatedly, benefitting from the move to new premises with a new six-figure order signed with an existing customer as well as multiple five-figure orders signed helping support the expectation of double digit percentage growth in the division.

The Board anticipates that revenues for the full year will be broadly in line with the full year to 31 March 2021, although as a result of the challenges set out above, it is expected that higher costs will result in an EBITDA loss for the full year. The Board remains committed to continuing business development and will continue to rigorously pursue its product development program during this period, although the timing and results of these from these initiatives cannot yet be predicted with certainty.

**Phil Newby**

**Chief Executive Officer**

The Board confirms to the best of its knowledge:

- the consolidated half year financial statements for the six months to 30 September 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* amended in accordance with changes in IAS 1 *Presentation of Financial Statements*, as adopted by the UK; and
- that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the consolidated half year financial statements; a description of the principal risks and uncertainties for the remainder of the current financial year; and the disclosure requirements in respect of material related party transactions.

## Condensed Consolidated Statement of Comprehensive Income

	Notes	Half-year ended	
		30 September 2021 £000	30 September 2020 £000
<b>Revenue</b>	2	1,821	2,031
Cost of sales		(995)	(892)
<b>Gross profit</b>		826	1,139
Administrative expenses		(1,573)	(1,296)
<b>Operating loss</b>		<b>(747)</b>	<b>(157)</b>
Finance expense		(105)	(9)
Other income	3	93	108
Exceptional items	4	(122)	(57)
<b>Loss on ordinary activities before taxation</b>		<b>(881)</b>	<b>(115)</b>
Taxation		-	-
<b>Loss for the period</b>		<b>(881)</b>	<b>(115)</b>
Other comprehensive loss		-	-
<b>Total Comprehensive Loss</b>		<b>(881)</b>	<b>(115)</b>
<b>Attributable to:</b>			
The Group		(881)	(115)

As per note 5, Losses Per Share were 2.8p (2020: loss 0.4p) and Diluted Losses Per Share were 2.8p (2020: loss 0.4p).

The loss for the period arises from the Group's continuing operations and is attributable to the equity holders of the parent.

There were no other items of comprehensive income for the period (2020: £nil) and therefore the loss for the period is also the total comprehensive loss for the period.

The notes form an integral part of these condensed financial statements.

## Condensed Consolidated Balance Sheet

	Notes	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Plant and equipment		1,466	1,393	1,548
Right-of-use assets		488	383	526
Unlisted investments		511	-	297
Goodwill		1,545	1,030	1,031
Intangible assets		1,634	1,304	1,924
		5,644	4,110	5,326
<b>Current assets</b>				
Inventories		1,068	1,155	899
Trade and other receivables		1,017	1,106	860
Income tax asset		177	7	286
Cash and cash equivalents		1,160	1,939	3,120
		3,422	4,207	5,165
<b>Total assets</b>		9,066	8,317	10,491
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		1,400	1,348	1,808
Deferred payment for acquisition		187	270	215
Leases		155	114	249
Financial liabilities	6	353	-	187
		2,095	1,732	2,459
<b>Non-current liabilities</b>				
Other creditors		-	-	38
Deferred payment for acquisition		-	153	-
Deferred tax		176	90	176
Leases		321	277	272
Financial liabilities	6	1,607	-	1,813
		2,104	520	2,299
<b>Total liabilities</b>		4,199	2,252	4,758
<b>Net assets</b>		<b>4,867</b>	<b>6,065</b>	<b>5,733</b>
<b>Capital and reserves</b>				
Share capital	7	4,708	4,582	4,614
Share premium	7	2,905	2,892	2,897
Share option reserve		225	559	473
Merger relief reserve		9,154	9,154	9,154
Reverse acquisition reserve		(6,777)	(6,777)	(6,777)
Other reserve		297	-	136
Revenue reserve		(5,645)	(4,345)	(4,764)
<b>Total equity</b>		<b>4,867</b>	<b>6,065</b>	<b>5,733</b>

## Condensed Consolidated Statement of Changes in Equity

	Issued Equity capital £000	Share Premium £000	Share option reserve £000	Merger relief reserve £'000	Reverse acquisition reserve £'000	Other Reserve £000	Revenue Reserve £000	Total Equity £000
<b>At 31 March 2020</b>	<b>4,582</b>	<b>2,892</b>	<b>559</b>	<b>9,154</b>	<b>(6,777)</b>	-	<b>(4,230)</b>	<b>6,180</b>
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(115)	(115)
<b>At 30 September 2020</b>	<b>4,582</b>	<b>2,892</b>	<b>559</b>	<b>9,154</b>	<b>(6,777)</b>	-	<b>(4,345)</b>	<b>6,065</b>
<b>At 31 March 2021</b>	<b>4,614</b>	<b>2,897</b>	<b>473</b>	<b>9,154</b>	<b>(6,777)</b>	<b>136</b>	<b>(4,764)</b>	<b>5,733</b>
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(881)	(881)
Issues of shares	7	8	-	-	-	-	-	15
Transfer on exercised options	87	-	(248)	-	-	161	-	-
<b>At 30 September 2021</b>	<b>4,708</b>	<b>2,905</b>	<b>225</b>	<b>9,154</b>	<b>(6,777)</b>	<b>297</b>	<b>(5,645)</b>	<b>4,867</b>

## Condensed Consolidated Statement of Cash Flows

	Half-year ended	
	30 September	30 September
	2021	2020
	£000	£000
<b>Cash flows from operating activities</b>		
Loss after interest and tax	(881)	(115)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	456	365
Interest expense	105	9
Amortisation of intangible assets	120	69
Shares issued as part of Share Incentive Plan	15	-
<i>Changes in working capital:</i>		
(Increase) in inventories	(169)	(183)
(Increase) in trade and other receivables	(158)	(199)
(Decrease) in trade payables and other payables	(448)	(857)
Cash (outflow) from operating activities	(960)	(911)
Tax credit received	109	49
<b>Net cash outflow from operating activities</b>	<b>(851)</b>	<b>(862)</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(336)	(414)
Purchases of intangible fixed assets	(420)	(251)
Acquisition of unlisted equity securities	(214)	-
Payment for acquisition of subsidiary, net of cash acquired	-	(82)
Payment of deferred consideration	(38)	-
<b>Net cash outflow from investing activities</b>	<b>(1,008)</b>	<b>(747)</b>
<b>Cash flow from financing activities</b>		
Loans repayments	(40)	(638)
Grant funding received	93	108
Principal element of lease payments	(58)	-
Interest paid	(96)	(9)
<b>Net cash outflow from financing activities</b>	<b>(101)</b>	<b>(539)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,960)</b>	<b>(2,148)</b>
Cash and cash equivalents at the start of the period	3,120	4,087
<b>Cash and cash equivalents at the end of the period</b>	<b>1,160</b>	<b>1,939</b>

## Notes to the condensed financial statements

### 1. Significant changes in the current reporting period

The impact of Covid-19 has resulted in restricted travel and changes in the working environment of the Group. Consequently, there has been a reduction in business development activities and this has affected the increase in revenue of the Group.

### 2. Segmental information

Similar to the year ended 31 March 2021, at 30 September 2021 the Group operated as three primary segments, being the rental of intelligent acoustic systems designed to deter seals and sea lions from attacking fish farms (Aquaculture), rentals of underwater measurement & leak detection devices in the Offshore (Oil & Gas) market and the development and manufacture of products for the Offshore and Aquaculture markets. This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the CEO) to make decisions about resources, and for which financial information is available. All revenues have been generated from continuing operations and are from external customers.

	Half-year ended	
	30 September	30 September
	2021	2020
	£000	£000
<b>Analysis of revenue</b>		
Amounts earned from Aquaculture equipment rentals, sales and associated charges	911	1,193
Amounts earned from other sales and rentals	910	838
	<u>1,821</u>	<u>2,031</u>

	Half-year ended	
	30 September	30 September
	2021	2020
	£000	£000
<b>Analysis of gross profit</b>		
Amounts earned from Aquaculture equipment rentals, sales and associated charges	344	645
Amounts earned from other sales and rentals	482	494
	<u>826</u>	<u>1,139</u>

### 3. Other income

Other income pertains to the interest on a loan received under the Coronavirus Business Interruption Loan Scheme.

#### 4. Exceptional items

Exceptional items include £0.04m of legal costs, £0.02m of grant application costs and £0.06m of recruitment and other one-off employee expenses.

#### 5. Losses per share

Basic earnings or losses per share are calculated by dividing the loss or profit after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year. Diluted earnings or losses per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options.

The calculation of earnings or losses per share is based on the following losses and number of shares:

	Half-year ended	
	30 September 2021 £000	30 September 2020 £000
Loss for the period attributable to the owners of the Group	(881)	(115)
Weighted average number of shares:		
- Basic	30,957,487	30,548,599
- Diluted	32,484,532	32,030,511
Basic earnings per share (pence)	(2.8)	(0.4)
Diluted earnings per share (pence)	(2.8)	(0.4)

#### 6. Loan repayment

During the period, the Group repaid £0.04m of loans provided under the Coronavirus Business Interruption Loan Scheme.

#### 7. Share capital and share premium

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

	30 September 2021 £000	31 March 2021 £000
Allotted, called-up and fully paid: 31,388,369 Ordinary shares of £0.15 each (2020: 30,763,251 of £0.15 each)	4,708	4,614

Movements in ordinary shares:

	Number of shares No.	Share capital £000	Share premium £000	Total £000
At 31 March 2021	30,763,251	4,614	2,897	7,511
Shares issued during the period	40,702	7	8	15
Exercise of share options	584,416	87	-	87
At 30 September 2021	31,388,369	4,708	2,905	7,613

## 8. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2021 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2021 and any public announcements made by OTAQ PLC during the interim reporting period. This interim financial information has not been reviewed nor audited by the auditors.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new amended standards as set out below.

### ***New and amended standards adopted by the Group***

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### ***Going concern***

The Directors have considered going concern and a range of scenarios has been reviewed. Due to the ongoing regulatory review by Marine Scotland, which has resulted in the ending of some of our long-term rental contracts with our customers, the Directors considered the severe scenario that the Group will not have sufficient cash resources to meet its obligations over the next twelve months. The Group's ability to meet its obligations is dependent on the Group's ability to win new aquaculture business in either its existing markets of Chile and the Faroe Islands or new target markets of Tasmania and Norway. There is an expectation of winning new business given the trials the Group has been conducting in Chile, Tasmania and the Faroe Islands. The Group recently announced an updated supply agreement with Minnowtech that also has the potential for a seven figure revenue amount in 2022 as well as potential new and significant sales of the Group's OceanSense product ranges and Lander survey devices.

The Group is also exploring the restructuring of its financial obligations with progress made to date around deferred acquisition payments. Opportunities for cost savings will also be reviewed. In light of the future plans set out above, the Group believes that it can generate sufficient cash to meet its obligations as they fall due for the twelve months from the date of signing these Interim Financial Statements. Whilst the Directors believe that the forecasts prepared are reasonable, achievable and the sales pipeline will be sufficient for the Group to meet its forecasts, these are inherently uncertain and rely on various factors and assumptions including significant increases in revenues and continued support from the Group's lenders.

In addition, the Group has today announced plans to raise additional funds through a placing of new ordinary shares to raise not less than £1.3 million. The expected successful conclusion of this fundraise will ensure the Group has sufficient working capital to meet its obligations for at least the next twelve months.

Notwithstanding the material uncertainties regarding the aforementioned matters, subject to the successful completion of the fundraising referred to above, the Directors believe that the Group has adequate resources for the foreseeable future, being a period of at least twelve months from the date of signing these Interim Financial Statements. In making this judgement the Directors have reviewed future trading forecasts of the Group and considered sensitivities to those forecasts.

Having considered all of the above, the Directors continue to adopt the going concern basis in preparing the Interim Financial Statements.

***Significant estimates and judgements***

The Group shall assess at each reporting date whether there is any indication that non-current assets may be impaired. The Directors believe that at the half-year reporting period ended 30 September 2021 no indicators of impairment existed as there has been no conclusion on the regulatory review by Marine Scotland. The Directors continue to monitor regulatory and market developments and their impact on the carrying value of the assets.

**9. Events occurring after the reporting period**

On 29 October OTAQ PLC was given notice that one of its contracted customers making use of OTAQ's acoustic deterrent devices ("ADDs") operating in Scotland, has given the required notice to terminate in accordance with the original terms of the two-year agreement ending in April 2022.