CT AUTOMOTIVE

LIBERUM

Admission Document

December 2021

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

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

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM at 8.00 a.m. on 23 December 2021.

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

The Directors (whose names and functions are set out on page 8 of this document) and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

CT Automotive Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10451211)

Placing of 22,871,905 new Ordinary Shares

at 147 pence per share

and

Admission to trading on AIM

Nominated Adviser, Sole Broker and Sole Bookrunner

LIBERUM

Number	Issued and fully paid amount	Share capital immediately following Admission
50,933,289	Ordinary shares of £0.005 each	£254,666.45

Liberum Capital Limited ("**Liberum**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Liberum or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Liberum's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by the FSMA or the regulatory regime established thereunder, Liberum does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Liberum accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Copies of the document will be available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, free of charge on the Company's website, https://ct-automotive.net/

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for Placing 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 Liberum or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, 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 or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

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

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

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

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company or Liberum or any of their respective representatives that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Liberum or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Liberum.

None of the Company, the Directors or Liberum or any of their respective representatives makes any representation to any subscriber of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Liberum and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by Liberum or any of its affiliates acting as investors for their own accounts. Liberum does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Liberum and any of its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. Liberum and any of its affiliates may provide such services to the Company and any of its affiliates in the future.

Notice to prospective investors

General

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of the Placing Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer subscribe for any of the Placing Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Notice to prospective investors in the United Kingdom

No Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in the United Kingdom, except that the Ordinary Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Liberum for any such offer; or

(c) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of the Ordinary Shares shall require the Company, Liberum or any other person to publish a prospectus pursuant to section 85 of the FSMA or supplemental prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Ordinary Shares in the United Kingdom 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 any Ordinary Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, in the United Kingdom, the Placing is only being directed at persons who are "qualified investors" (within the meaning of Article 2 of the UK Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are such other persons to whom it may otherwise be lawful to communicate it to (each, a "**Relevant Person**"). Any investment or investment activity to which this document relates is only available to Relevant Persons and will be engaged in only with such persons. Persons who are not Relevant Persons should not rely on or act upon this document.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant State, except that the Ordinary Shares may be offered to the public in that Relevant State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the EU Prospectus Regulation), subject to obtaining the prior consent of Liberum for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the Ordinary Shares shall require the Company, Liberum or any other person to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Ordinary Shares in any Relevant 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 any Ordinary Shares, and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

Neither the Company, Liberum nor any other person has authorised, nor do they authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus for such offer.

Notice to prospective investors in the United States

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the "**US Securities Act**") and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in "offshore transactions" in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance.

Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**") or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

Forward looking statements

Certain statements in this document are or may be deemed to be "forward looking statements", including statements about current beliefs and expectations of the Directors. In particular, the words "envisage", "projects", "expect", "anticipate", "estimate", "may", "should", "plan", "intend", "will", "would", "could", "target", "believe" and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group's financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law, regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board's expectations or in order to reflect events or circumstances after the date of this document.

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

Presentation of financial information

The report on historical financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part V of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including the Group's historical financial information for the three years ended 31 December 2020 and for the six months ended 30 June 2021 has been prepared in accordance with UK adopted International Accounting Standards.

Presentation of non-IAS information

This document contains certain financial measures that are not defined or recognised under IAS, including EBITDA. EBITDA results from Group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. EBITDA alone does not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit, revenue or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Rounding

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

Currency presentation

In the document, references to "sterling", "£", "penny", "pence" and "p" are to the lawful currency of the United Kingdom, references to "€" and "euros" are to the lawful currency of certain of the countries within the EU and references to "$" and "dollars" are references to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this document has been expressed in $. The Group presents its financial statements in US dollars.

For ease of reference, in certain places throughout the document, the $ amounts are supplemented by £ amounts on the basis of an exchange rate of £1.32355/$1.00 (being the exchange rate prevailing at 16:30 GMT on 8 December 2021 (being the latest practicable date prior to the publication of this document)).

Market, industry and economic data

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

This document includes market share and industry data and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this document, the Company has obtained market and industry data relating to the Group's business from providers of industry data and has obtained market data from the following report:

- *IHS Markit October 2021 Update: 2022 Global Light Vehicle Production Outlook*

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, Liberum has not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Liberum for the accuracy or completeness of any market or industry data which is included in this document.

No incorporation of website information

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

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the sections of this document under the headings "Definitions" and "Glossary".

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

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

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

Notice to Distributors

Solely for the purposes of Paragraph 3.2.7R regarding the responsibilities of UK Manufacturers under the Product Governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in UK Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by UK Product Governance Requirements (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the UK Product Governance Requirements; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

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

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon Brian Phillips (*Executive Chairman*) Scott McKenzie (*Chief Executive Officer*) David Paul Wilkinson (*Chief Financial Officer*)
Proposed Directors	Tracey Dawn James (*Senior Independent Non-Executive Director*) Raymond (Ray) John Bench (*Non-Executive Director*) Francesca Eva Irene Ecsery (*Non-Executive Director*) All of whose business address is at the Company's registered and head office
Registered and Head Office	1000 Lakeside North Harbour Western Road Portsmouth PO6 3EN
Company website	https://ct-automotive.net/
Company Secretary	Fieldfisher Secretaries Limited Riverbank House 2 Swan Lane London EC4R 3TT
Nominated Adviser, sole broker and sole bookrunner	Liberum Capital Limited Level 12, Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
Legal advisers to the Company	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Legal advisers to Liberum	Osborne Clarke LLP One London Wall London EC2Y 5EB
Reporting accountant	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
Strategy consultant to the Company	Private Acquisitions Limited 662 Wickhams Cay Road Town Tortola British Virgin Islands

Financial public relations advisers	Engine MHP 60 Great Portland Street London W1W 7RT
Registrars	Link Market Services Limited 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing and the conversion of the Convertible Loan Notes, the Founder Loan Notes and the Director Loans, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM rules for companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company as at the date of this document
"Board"	the Directors of the Company, whose names are set out on page 8 of this document
"City Code"	the City Code on Takeovers and Mergers published by the Panel from time to time
"Company" or **"CT Automotive"**	CT Automotive Group plc, a public limited company incorporated under the laws of England and Wales
"Concert Party"	together, those shareholders in the Company deemed to be acting in concert in accordance with the City Code, further details of which are set out in paragraph 5.2 of Part V of this document
"Convertible Noteholders"	the holders of the Convertible Loan Notes, being Kulwadee Karuhadej, Zall Holdings Limited and Pitharn Ongkosit
"Convertible Loan Notes"	the $5,600,000 10% convertible redeemable loan notes subscribed for by the Convertible Noteholders
"Convertible Loan Note Instrument"	the instrument dated 20 September 2021 that constituted the Convertible Loan Notes
"COVID-19"	means the coronavirus infectious disease caused by the SARS-CoV-2 virus
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
"Directors"	the Executive Directors and Proposed Directors of the Company, whose names are set out on page 8 of this document
"Director Loans"	means the amount of $487,619 in aggregate owed by the Company to the Executive Directors as at the date of this document

"Director Loan Conversion Agreements"	means the agreements pursuant to which the Executive Directors have agreed to convert the Director Loans into new Ordinary Shares as at Admission
"Director Loan Conversion Shares"	means the 249,615 new Ordinary Shares in aggregate to be issued by the Company and subscribed for by the Executive Directors in satisfaction of the Director Loans pursuant to the Director Loan Conversion Agreements
"DTRs"	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
"Enlarged Share Capital"	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares, the Placing Shares and the Loan Conversion Shares
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
"Executive Directors"	the executive Directors of the Company as at the date of Admission, namely Simon Phillips, Scott McKenzie and David Wilkinson
"Existing Ordinary Shares"	means the 19,600,000 existing Ordinary Shares in issue on the date of this document
"FCA"	the Financial Conduct Authority
"Founder Loan Note Instrument"	the instrument dated 6 April 2017, as amended and restated on 15 September 2021 which constituted the Founder Loan Notes
"Founder Loan Notes"	the fixed rate unsecured founder loan notes currently held by Simon Phillips, as further described in paragraph 12.10 of Part V of this document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Group"	the Company and its subsidiary undertakings
"Historical Financial Information"	the audited historical financial information of the Group for the three years ended 31 December 2020 as set out in Section B of Part III of this document and the unaudited historical financial information of the Group for the six months ended 30 June 2021, as set out in Section C of Part III of this document
"HMRC"	Her Majesty's Revenue and Customs
"IAS"	UK adopted International Accounting Standards
"IPO"	together, the Placing and the proposed admission of the Company's share capital to trading on AIM
"Liberum"	Liberum Capital Limited, the Company's nominated adviser, sole broker and sole bookrunner
"Loan Conversion Shares"	the 8,461,384 new Ordinary Shares to be issued by the Company on conversion of the Convertible Loan Notes, the Founder Loan Notes and the Director Loans
"Lock-in Agreements"	the lock-in agreements entered into by each of the Executive Directors and Convertible Noteholders, summary details of which are set out in paragraphs 12.1 and 12.11 of Part V of this document

“Locked-in Shareholders”	each of the Executive Directors who are subject to lock-in arrangements pursuant to the Placing Agreement and each of the Convertible Noteholders pursuant to the Lock-in Agreements, details of which are set out in paragraphs 12.1 and 12.11 of Part VI of this document
“London Stock Exchange”	London Stock Exchange plc
“Non-Executive Directors”	each of Tracey James, Raymond Bench and Francesca Ecsery
“Official List”	the Official List of the FCA
“Ordinary Shares”	ordinary shares of £0.005 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placing”	means the conditional placing of the Placing Shares by Liberum at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated on or around the date of this document and made between the Company, Liberum and the Directors relating to the Placing, further details of which are set out in paragraph 12.1 of Part VI of this document
“Placing Price”	147 pence per Placing Share
“Placing Shares”	means 22,871,905 new Ordinary Shares to be issued by the Company pursuant to the Placing
“**Proposed Directors**”	the proposed directors of the Company, whose names are set out on page 8 of this document
“Proposed LTIP”	the proposed long term incentive plan to be adopted by the Company following Admission, further details of which are set out in paragraph 11 of Part V of this document
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time
“QCA Code”	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
“Shareholder”	a holder of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK MAR”	the UK Market Abuse Regulation, which is the retained UK law version of the EU Market Abuse Regulation (596/2014) pursuant to the European Union (Withdrawal) Act 2018
“US” “USA” or **“United States”**	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
“uncertificated” or **“in uncertificated form”**	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

GLOSSARY

The following glossary of terms applies throughout this document, unless the context requires otherwise:

CAGR	compound annual growth rate
China Tariffs	the import tariffs imposed on certain goods on import into the USA from China
CNC	computer numerical control
EBITDA	earnings before interest, tax, depreciation and amortisation
EDM	electrical discharge machining
Engineering, Design and Development	the pre-production design and development of interior components by the Group including the production of the tools required for Serial Production
EV	electric vehicle
FY	a financial year ending 31 December
H1	the first six months of a financial year, ending 30 June
IP	intellectual property
ISO	International Organisation for Standardisation
ISO 17025	the main ISO standard that specifies the general requirements for the competence to carry out tests and/or calibrations, including sampling
JIT	just in time
kinematic components	components with moveable features, such as air registers, armrests and storage systems
microchip or **semiconductor**	an integrated circuit of semiconducting material essential to the production of most electronic devices
OEM	original equipment manufacturer
QAF	Quotation Analysis Form
RFQ	request for quote
Serial Production	the mass production of interior components by the Group for supply to either OEMs or Tier One suppliers
SOP	start of production
Static Components	wrapped panels, fascia finishers and instrument clusters that are non-kinematic
Systems	a part, or set of parts, representing one of the product types supplied by the Group
Tier One supplier	a global supplier who supplies parts or systems, produced either in house or from sub-contractors, directly to an OEM
VAG	Volkswagen Audi Group
WFOE	Wholly Foreign-Owned Enterprise

PLACING STATISTICS

Placing Price	147 pence
Number of Existing Ordinary Shares	19,600,000
Number of Placing Shares being issued by the Company pursuant to the Placing	22,871,905
Number of Loan Conversion Shares being issued by the Company	8,461,384
Number of Ordinary Shares in issue immediately following Admission	50,933,289
Percentage of Enlarged Share Capital represented by the Placing Shares	44.9%
Market capitalisation of the Company at the Placing Price on Admission	£74.9 million
Gross proceeds of the Placing	£33.6 million
Estimated net proceeds of the Placing	£30.8 million
ISIN number	GB00BMHYGR77
SEDOL number	BMHYGR7
TIDM	CTA
Legal Entity Identifier	213800RP7B4UJ1DDKY67

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	16 December 2021
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 23 December 2021
CREST accounts credited by	8.00 a.m. on 23 December 2021
Despatch of definitive share certificates, where applicable	within 10 business days of Admission

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company and Liberum

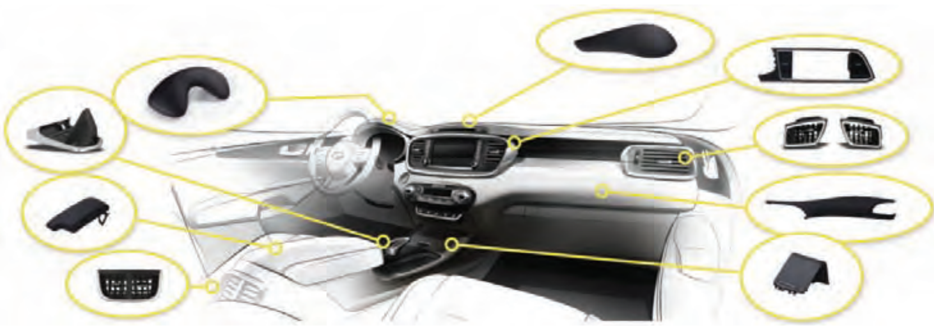
PART I

INFORMATION ON THE GROUP

1. Introduction

CT Automotive is a UK-headquartered company that designs, develops and supplies interior components for the global automotive industry. Interior components supplied are bespoke to each customer's requirements and include both kinematic units (for example, air registers, arm rests, deployable cup holders and storage systems) and static parts (for example, kneepads, wrapped panels and fascia finishes). The Group has an international manufacturing footprint with the majority of the production across three sites in China with additional sites in the UK, the Czech Republic and Turkey, as well as an engineering design office in India. In order to support global customers, the Group also has sales and distribution capabilities across Europe, in the USA and in Japan. The Group's operating model combines Western design and engineering expertise with lower cost manufacturing capabilities to provide an integrated design through to production service.

Figure 1: CT Automotive's Components



The Group has strong, established, relationships with a number of Tier One suppliers and OEMs including Marelli, Faurecia, VAG and Lucid. The Group maintains strategic relationships with all of its key customers and will typically supply into multiple vehicle platforms for each customer.

Through the combination of long-standing customer relationships and the integration of the Group's products into the vehicle design, the Group aims to become embedded within customer supply chains and product development, progressively expanding the range of products supplied. The embedded nature of the products and long production cycles also provides revenue visibility, subject to OEM vehicle production levels.

The Group's two principal services are: (i) the Engineering, Design and Development of automotive components and associated production tooling and (ii) the Serial Production of such parts, with supply to a growing number of the global OEMs.

CT Automotive's Engineering, Design and Development services offer bespoke turnkey packages whereby product development is managed from concept and design of parts, through feasibility studies and development engineering to product validation and the subsequent in-house manufacture of serial production tools. Engineering, Design and Development is a core part of the pre-production process for the design and engineering of the specialist tools required to mass produce the bespoke part and represented approximately 20 per cent. of total Group revenues in FY 2020.

Serial Production is the manufacture of parts for supply to OEM assembly lines for inclusion in car interiors, either directly to the OEM or through a Tier One supplier, and represented approximately 80 per cent. of total Group revenues in FY 2020.

Summary Financial Information

$'000	*FY 2018 Audited*	*FY 2019 Audited*	*FY 2020 Audited*	*H1 2020 Unaudited*	*H1 2021 Unaudited*
Revenue	115,993	113,215	109,899	40,394	74,658
Serial Production	98,876	100,736	87,469	32,278	64,393
Engineering, Design and Development	17,117	12,479	22,430	8,116	10,265
Gross Profit	37,385	29,653	22,147	4,056	19,532
EBITDA	14,172	9,891	181	(7,711)	7,005

CT Automotive's operating model allows the Group to pursue a cost leadership strategy supplying parts of at least equivalent quality to its competitors at a lower overall landed cost to the customer. Since its formation in 2000, the Group has been the only significant new entrant into the interior kinematic automotive components sector and has a market share supplying parts for approximately eight per cent. of vehicle platforms produced globally and an estimated two per cent. of the total OEM spend on these interior components.

CT Automotive has a track record of revenue growth, operating profitability and cash generation since formation and prior to the impact of COVID-19 in 2020. In the year ended 31 December 2019, the Group generated production revenue of c.$100 million, which represents a 10-year production revenue CAGR of 30.3 per cent. In the year ended 31 December 2019 the Group generated Engineering, Design and Development revenue of c.$13 million.

The year ended 31 December 2020 was disrupted by the COVID-19 pandemic in the first half, with overall Serial Production revenue for the year of c.$87 million. The Group continued to complete new Engineering Design and Development contracts, with associated revenue of c.$22 million in the year ended 31 December 2020.

During the six months ended 30 June 2021, CT Automotive returned to growth with strong recovery from COVID-19 related factory shutdowns across the sector in the first half of 2020. In the first half of 2021 the Group generated revenue of c.$75 million (H1 2020: c.$40 million) and EBITDA of c.$7.0 million (H1 2020: c.$(7.7) million). Over the three years to 31 December 2019, the Group had an average EBITDA to post capital expenditure operating cash conversion of c.70 per cent. This conversion rate is a result, in part, of the Group's low capital investment requirements and its well invested manufacturing base.

The Directors believe that the Group is well positioned to continue its growth through the production of an increasing number of systems to a wider range of customers. This growth is expected to come from increasing penetration of its existing OEM and Tier One customers, the development of new customer relationships and from maximising the potential of a recently signed strategic partnership with a global Tier One automotive supplier. In addition to expanding the facilities in China and furthering the Group's vertical integration, the Group is investing in new facilities in Mexico and expanding existing capacity in the Czech Republic in order to enable local production and assembly and thereby continue to grow the range of systems it supplies to its European and North American clients.

The Group is seeking to raise approximately $45 million (before expenses) through the Placing, the net proceeds of which will be used to strengthen the Company's balance sheet, substantially repaying existing debt, and providing working capital for the Group to execute on the strategic growth opportunities, which are set out in further detail in paragraph 8 of this Part I.

2. Key Strengths

Experienced Management Team

The Group is led by an experienced executive management team with an aggregate of 45 years in the automotive business, all of whom led a management buy-out of the Group from certain of the founder shareholders in 2017. The management team includes Simon Phillips who co-founded the Group in 2000 and Scott McKenzie, who joined in 2007 and was appointed Group Managing Director in 2014. Collectively with David Wilkinson, Chief Financial Officer, they have a track record of delivering long-term organic revenue growth.

The Directors believe that the industry knowledge and leadership of the Executive Directors, supported by other senior management, including plant production managers and operational management, provides the Group with a competitive advantage. This senior team is also instrumental in the implementation of the Group's strategy and achievement of long-term growth.

Specialist market and high barriers to entry

The automotive interior components market is a niche sector supplying specialist components that are required to meet exacting technical and safety standards and are integrated into vehicle designs from the earliest development stages. The Directors estimate the Group's market to be worth $6.5 billion annually with three main global competitors to CT Automotive. The market is characterised by high barriers to entry as a result of customers' stringent supplier on-boarding requirements and risk aversion resulting from the significant costs that could arise due to production line stoppages in the event that components were not delivered to the requisite quality standards and on time.

Low-cost operating model

Since its formation, the Group has been dedicated to developing a lower cost alternative to longer established and high cost developed economy based competitors. The core manufacturing and design operations are based in China through a Wholly Foreign-Owned Enterprise where the Group is able to benefit from lower cost production processes, labour and plant hardware and has over 50 senior Western-trained specialist engineers. CT Automotive's integrated model further allows the Group to reduce the use of subcontractors, lowering costs and development lead times and increasing flexibility. This lower cost operating model results in a lower total landed cost of components compared to competitors and provides a competitive advantage over the Group's main competitors which are highly invested in developed economies.

Embedded relationships and visibility of earnings

The components produced by the Group are designed into vehicles with the tooling required to manufacture each unit being bespoke to each part. Furthermore, the Group is typically the sole supplier of each component over the course of any given vehicle production cycle, with significant cost implications to the customer of changing suppliers effectively preventing mid-cycle supplier changes. This gives the Group good visibility over future production revenue, subject to OEM vehicle production volumes. The Group has a strong track record of customer retention, providing parts to subsequent model generations, and has long-standing, embedded relationships, having never lost an OEM client. New customer wins and the supply of increasing content to existing customers across a growing range of models and geographies drive long-term revenue growth.

Low market penetration and opportunity to gain market and wallet share

Despite strong growth to date, the Directors believe that there are significant growth opportunities with the Group currently supplying components to approximately eight per cent. of vehicle platforms produced annually in 2020. Based on FY 2020 production, the Directors estimate that the Group currently has approximately two per cent. of market share by total OEM spend of the types of parts it supplies. The Group has a track record of winning new clients and expanding its relationships to progressively supply an increasing number of components on successive contracts with each customer. On average, the Group currently supplies $20 of components per car with the potential to increase the value of components as the relationship expands. The Directors believe that there is potential to increase the average value per car to approximately $75 as it aims to replicate the spending pattern of its longest standing clients across an expanded customer base.

Track record of profitable growth and cash generation

Over the 10 year period to 31 December 2019, being the year prior to the COVID-19 pandemic, the Group's Serial Production revenue grew at a CAGR of 30 per cent. Over this period, the Group had a track record of winning new business both from adding new customers and new platforms from existing customers. This growth has been largely self-funded from operating profits and the Group's cash flow with an average EBITDA to post capital expenditure operating cash conversion of c.70 per cent. in the three years to 31 December 2019.

While the first six months of FY 2020 were impacted by factory shutdowns at the Group's manufacturing sites in China and subsequent production pauses at customer sites in Europe and North America as a result of the widening COVID-19 pandemic, the Group's trading recovered in the second half of the year. This recovery continued into H1 2021 before OEMs had to reduce production as a result of global shortages in semiconductors. Notwithstanding the impact from current lower global production, the Directors believe that the Group is well positioned to continue to grow and win new market share as global production recovers over the next 12 months with an expected easing of semiconductor shortages. The Directors believe that there is also potential for margin enhancement resulting from improvement in purchasing terms made possible by additional balance sheet strength.

3. History of the Group

The Group was co-founded by Simon Phillips in 2000 and initially focused on establishing a presence in, and disrupting, the automotive development tooling industry. Simon Phillips, along with his co-founders, identified an opportunity to disrupt the development tooling industry which at that time was primarily centred in Europe. The Group initially largely focused on development tooling for interior components, such as instrument panels, centre consoles and associated products, such as glove boxes, end caps and finishers.

The Group was founded on the belief that by setting up facilities in China it would be able to offer a lower cost and faster service, both key requirements for customers when prototyping new designs. Since its formation, the Group has combined Western engineering expertise through the recruitment of experienced expatriates, coupling their skills with operational benefits from being based in China. These include a more flexible and lower cost workforce and production hardware that is significantly less expensive than equivalent equipment in developed markets. In the seven years following the Group's founding, CT Automotive became an established provider of development tools, with tooling revenue of $14.9 million in the year to 30 June 2007.

Having established the Group as a reliable supplier of tooling, the founders took the strategic decision to position the Group as a producer of final interior components alongside associated design and tooling services. As a supplier of tools, the Group had established relationships with Tier One suppliers and it actively engaged with them in order to win component supply contracts, which were initially won on a build-to-print basis only.

The process to win the Group's first production contract took a number of years with the Group required to demonstrate design, engineering and production expertise at scale before winning its first contract in 2006 following the failure of an incumbent supplier. This initial contract award with Marelli, then known as Calsonic Kansei, was for the provision of an air vent system for the Nissan Micra; a highly successful contract which led to CT Automotive being appointed to make a similar system for the Nissan Note. This first contract followed two years of engagement with Marelli, which enabled the Group to establish a track record of reliable delivery and consequently to approach further potential customers. Following the initial success of this relationship, the Group began the onboarding process with further OEMs, initially through Tier One suppliers such as Faurecia and Magna.

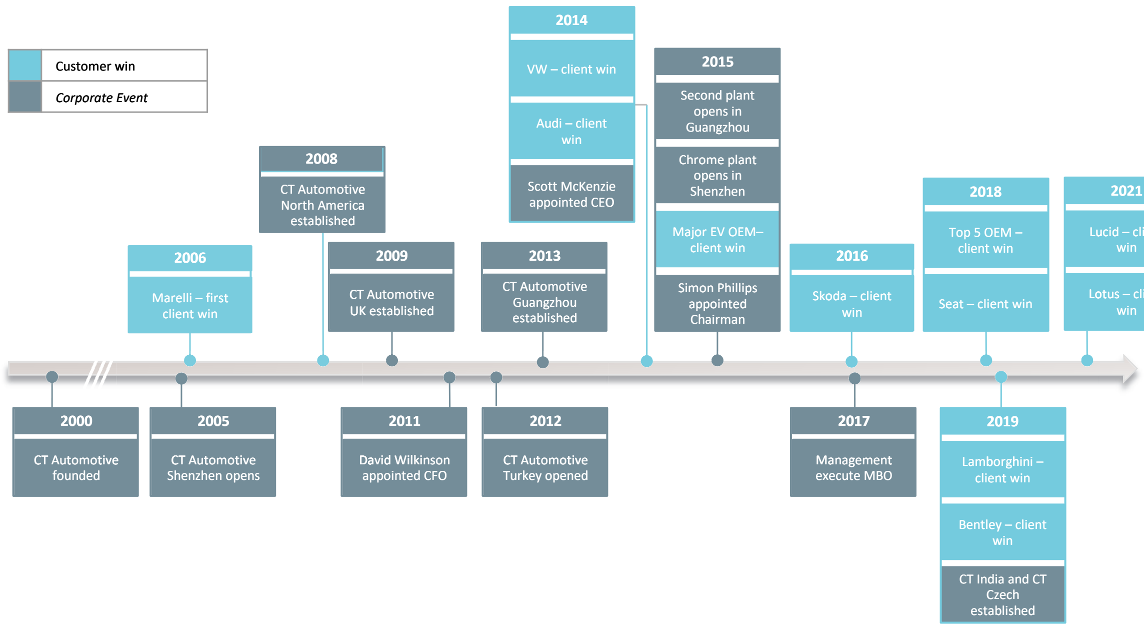
Having overcome the initial barriers to entry and commenced component production, the Group focused on growth through new customer acquisition and expansion of its relationships with existing customers to widen its product portfolio. The Group also developed a low-cost factory system in China through a WFOE managed directly by its teams of largely Western senior personnel but staffed by local employees. This meant that the Group could take advantage of significant cost differentials in labour, material and capital equipment inputs. The Group also developed a modular factory system that allowed complete modular production cells (inclusive of fixtures, quality gauges and capital equipment) and production lines to be built and tested in China prior to shipment to new production sites. This results in substantial reductions in capital expenditure when establishing new production sites including the planned new site in Mexico. In 2020, the Group established additional local assembly and production facilities in Europe. These local assembly facilities enabled the Group to finish goods such as gloveboxes and centre consoles, that would otherwise be costly to transport, closer to the customer, with sub-components produced in China.

The Group's principal competitors have sought to access these same cost advantages, but all retain a substantial presence in high cost developed economies. However, the limited scope of these efforts and indirect management of production have meant that these initiatives have, in the Directors' opinion, had little overall impact on the cost profile of their competitors, which remain overwhelmingly high-cost developed economy based in terms of production and staffing. In addition, the potential use of sub-contractors and joint ventures risks compromising quality control, reducing production flexibility and lengthening product development lead times. Such concerns have historically inhibited the use of Chinese facilities by competitors. To achieve equivalent cost savings would require high cost developed economy competitors to substantially dismantle and transplant established production infrastructure from Europe, Japan and the US at significant cost.

In 2008, Marelli approached CT Automotive to acquire a supplier in the North-East of England that supplied parts for the Sunderland Nissan factory. As a result, CT Automotive acquired the trade and assets of the manufacturing facility in Newton Aycliffe out of administration, which provided it with UK based manufacturing to further support Marelli/Nissan. This led to a number of synergies for the enlarged Group, including reduced overheads, with engineering contracts being taken over by CT Automotive's in-house capabilities and tooling being absorbed at a higher margin into the Group. Furthermore, Newton Aycliffe provided a base for CT Automotive to integrate high-labour-cost parts supplied from China into parts more suited to UK production.

In 2017, Scott McKenzie and David Wilkinson, along with original founder Simon Phillips, led a management buyout ("**MBO**") from the other founders. The MBO was financed with $18.5 million of debt provided by HSBC, combined with vendor loan notes, a portion of which were redeemed in 2019. In addition, as part of the MBO management were issued loan notes with an aggregate value of approximately $14.0 million. At Admission, $6.2 million of Founder Loan Notes will be converted into Ordinary Shares at the Placing Price, immediately prior to Admission, as further described in paragraph 18 of this Part I.

Figure 2: Timeline of the Group's development



In the four years following the MBO the Group has continued to grow adding 10 new OEMs. The Group currently supplies component parts to over 45 different models for 17 OEMs and delivered over four million systems in the 12 months to 31 December 2020.

4. Market Overview

CT Automotive is a global supplier of interior automotive components, supplying components to all levels of the market from volume manufacturers such as Nissan and VAG through to premium brands such as Bentley and Lamborghini with the Group having the capability to offer a variety of premium finishes, for example carbon fibre. The route to market varies by OEM with the Group supplying components both direct to the OEM and via Tier One suppliers, including Faurecia and Marelli.

While the value of components on a vehicle will vary depending on the materials and cockpit design, the Directors estimate that on average the total value of components that could be supplied by the Group per vehicle is approximately $75, although in certain cases the Group expects that it could supply components with an aggregate value significantly in excess of this amount per vehicle.

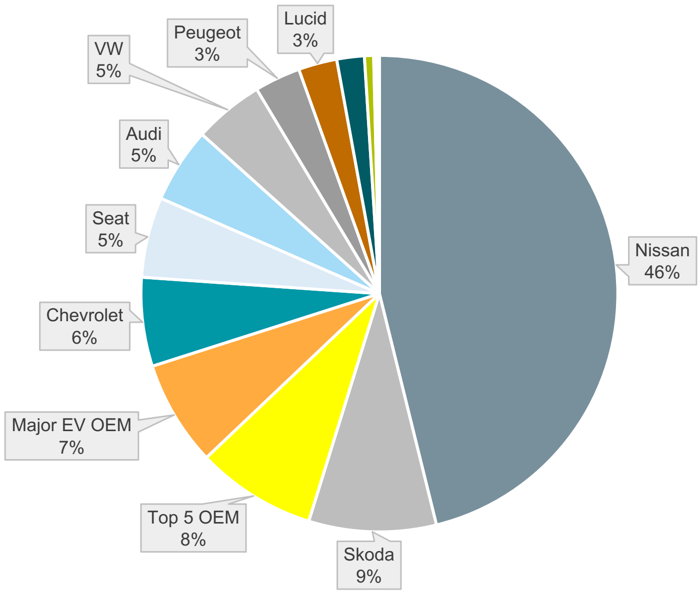
Global Market Size and Trends

The market for the interior components categories supplied by CT Automotive is estimated by the Directors to be worth over $6.5 billion based on the potential value of parts supplied by CT Automotive per vehicle and total annual vehicle production. While this is the estimated total value of the volume production of components, the Group also provides Engineering, Design and Development services to its OEM customers to support pre-production and manufacture the required tooling. The majority of global vehicle production is undertaken by 23 manufacturers which collectively account for approximately 91 per cent. of total annual vehicle production.

Of these 23 manufacturers, the Group currently supplies components, either directly or indirectly, to 13 which collectively represent 66 per cent. of total annual vehicle production.

CT Automotive has an established track record of delivering quality components to all segments of the automotive market from volume producers such as Nissan through to premium brands such as Bentley and Lamborghini. Accordingly, the Directors consider that the total addressable market for the Group includes all OEM marques.

Figure 3: CT Automotive Serial Production revenue by OEM (FY 2019)



Source: Company information

Automotive Interior Component Market Trends

The automotive sector is driven by a continuous improvement methodology, exemplified by the evolution of vehicle interiors. An increased focus by OEMs on controlling development costs and maximising returns has also led to a trend towards platform sharing across multiple vehicles and manufacturers. As a result, vehicle styling and design, both interior and exterior, and the user experience are becoming more important differentiators for OEMs between marques and models. The perceived quality of the interior has a high impact on customer experience, and therefore the relative development spend on interior design and content has increased.

Similarly, the growth in EVs has also resulted in an increase in the potential value of interior components that the Group could supply per model. In addition, technology advances in autonomous driving have been most prevalent across EVs resulting in more 'hands-off' time and interaction with a vehicle's interior. EV marques including Lucid and a major global EV OEM, have focused particular attention on their vehicles' interior design, with the Group's highest value of supplied components per vehicle being that within the new Lucid Air. The Group has above average exposure to the EV segment with 16 per cent. of the revenue for the twelve months to 30 June 2021 derived from EV platforms, compared to EV's overall market share by volume of 4 per cent.

While demand for interior trim elements is generally powertrain agnostic, the Directors believe that the Group may benefit from the trend towards the electrification of the powertrain as EVs are expected to have more focus on interior design trim elements. Increased use of added-value finishes and bespoke trims result in higher value and density of components supplied and the Directors believe that the Group is well positioned to continue to benefit from these trends as customers' requirements evolve. The Directors expect these trends to continue. Furthermore, the Directors consider that the Group's track record with EV focused OEMs and its drive train agnostic products leave the Group well placed to benefit from these continuing trends and it has recently secured new nominations on EV cars, including the Nissan Ariya and e.Go Mobile.

Competitors

Due to the high design and manufacturing requirements of the Group's customers, the Directors believe that there are few direct global competitors. The Group's main global Serial Production competitors are described below with other competition coming from smaller regional companies with more limited supply capabilities.

	Description	*Primary Locations*	*Revenue*
Dr Schneider	Dr Schneider is a German headquartered group particularly focused on German manufacturers, especially BMW and VAG. The company manufactures storage boxes, air vents, trims and loudspeaker grills.	Germany	c.€440 million
Nihon Plast Company	Nihon Plast is a Japan based group manufacturing various automotive resin components and safety systems. Its manufacturing facilities are principally located in Japan and it principally supplies to Japanese marques including Honda, Nissan and Suzuki.	Japan	c.$790 million
Summit Polymers	Summit Polymers is a US based company that specialises in the design, engineering, and manufacturing of interior automotive parts. The Directors believe that Summit focuses primarily on supplying US OEMs and other auto assembly plants in the US.	USA	c.$590 million

The Directors believe that there are no direct global competitors with an equivalent operating model and that the Group's direct competitors are heavily invested in facilities in developed economies with limited presence in lower cost jurisdictions. The Directors believe that the Group's integrated, lower cost, operating model offers a competitive advantage to the Group and benefits to their customers through improved service and cost.

OEMs suffer significant losses from any production line interruptions and are therefore risk averse in the selection of suppliers. This is particularly the case in respect of the selection of sole suppliers whose replacement due to poor performance could take significant time to implement and entail potential disruption. Prospective suppliers to this market therefore typically need to overcome apparent reluctance by OEMs to use untested suppliers. OEMs also typically require a new supplier to demonstrate a track record of successful volume supply of similar parts which limits both the ability for a new player to enter the market and the speed at which they could progress. The Group's own entry into mass production of finished parts took several years and was made possible by its position as a tooling sub-contractor and its willingness to speculatively provide initial production and at low cost in response to an unexpected interruption caused by the failure of a small incumbent supplier, in order to demonstrate its capability. Nevertheless, the onboarding of its first customer took three to four years and it was approximately five years before it began supplying multiple OEM clients.

In addition to the companies listed in the above table, the Company tenders for new contracts against Tier One suppliers. These include Faurecia, Marelli and YanFeng. However, the Directors do not consider them to be direct competitors due to their significant utilisation of sub-contractor suppliers with the parts produced by the Group typically among the components sub-contracted by Tier One suppliers. Sub-contractors engaged by Tier One suppliers include the Company, which has strong customer relationships with each of them, supplying components which they then integrate into their larger parts. The Directors believe that Tier One suppliers partner with the Company as they are able to offer a reliable track record and competitive advantage. Such relationships with Tier One suppliers also allow the Company to supply to OEMs that it might not otherwise have a direct commercial relationships with.

Barriers to entry

The Group has been the only significant new entrant to the market in the last 20 years, which the Directors believe is as a result of the high barriers to entry. In addition to high barriers to new entrants winning new contracts, the four to five-year production investment cycle lengthens the potential payback period on significant capital investment for new production capacity with limited opportunities for a new entrant to gain significant market share over the near term.

The components designed and supplied by the Group need to conform to precise technical and safety standards. In addition to OEM styling and quality requirements, components need to meet expectations in relation to:

- function within force expectations;
- endurance of product during life cycle;
- fluid modelling, air dispersion and cabin temperature requirements;
- environmental loading;
- robust design to meet warranty requirements; and
- planned destruction and safety in a collision.

Each component undergoes testing and validation against these standards and specialist expertise is required in order to design to these standards and to undertake the required testing and validation. CT Automotive's testing facility has been independently accredited to meet relevant ISO standards (ISO 17025) and has been approved by VAG.

Pricing dynamics

It is the Directors' belief that projects are awarded to the Group based on customers' assessments of its technical capability, proven track record relating to supply and quality and ability to offer a lower overall landed cost than that offered by its global competitors. Each new vehicle contract typically has a six-year product life with contracts tendered to approved suppliers for each specific product group. In the case of interior kinematic products, the Directors believe that the list of approved suppliers is relatively small with many OEMs also requiring approved suppliers to have undergone an audit to verify production processes and standards.

The tender process for a new nomination is specified by each OEM or Tier One supplier but typically requires CT Automotive to respond to a detailed RFQ cost sheet. This cost sheet identifies every cost element required to produce the sub-assembled product. Each RFQ is accompanied by cost pack data, identifying all elements of each component and a cost model into which the Group enters its cost estimate. The modules of the cost model include:

a) *Material Cost*

An exacting breakdown of the materials that go into the sub-assembly. Typically, selection of materials is directed by the OEMs both in terms of supply and price.

b) *Process Cost*

There are multiple processes that go into part assemblies including, *inter alia*, moulding, welding, assembly and quality tests. The cost of these processes are typically calculated with reference to associated capital expenditure, depreciation, energy consumption and direct manufacturing overheads. The Directors believe that the CT Automotive model provides a significant advantage in process costs.

c) *Direct Labour*

Each process requires an associated direct labour cost. As CT Automotive operates in lower cost jurisdictions it typically expects to benefit from a significant advantage in direct labour costs.

Suppliers also submit details of their business model overheads, and any mark ups to formulate a final price quote. Finally, costs are then entered for transportation and localised sequencing depending on the agreed delivery and transport terms with the customer.

Throughout the RFQ process there are multiple 'gateways' where the cost model is reviewed both by the Group and the client with the final approved Quotation Analysis Form ("**QAF**") forming the basis of the supply agreement. The QAF also references an agreed exchange rate mechanism. Due to the detailed costing process undertaken throughout the RFQ process material variation in any of the material, process or direct labour costs during the production cycle triggers a process in which both parties enter a negotiation around variances to the QAF leading to agreements to either lower the cost of manufacture or recover cost inflation. This process forms the basis of the ‘open’ cost agreements between CT Automotive and its customers.

The Group engages with its customers for new models at an early stage of the design and development phase. Where the Group is commissioned to design the parts and develop the required tooling, this can be up to 24 months ahead of launch of a model. If the part has already been designed, for example by the OEM in-house, engagement will be closer to the anticipated launch date, typically 12 months in advance. The development, manufacturing and testing of component tooling can cost up to $3 million. While tooling parts are owned by the customer, variations between manufacturing processes limit the transferability between suppliers. This offers the Group a degree of certainty over future production, with changes in suppliers during the life cycle of a model being rare due to the risk, time and cost involved. To date, CT Automotive has never been replaced as a part supplier during the lifecycle of a model which allows the Group a high degree of visibility over revenue sources in the near term and relatively stable margin over a production cycle.

5. CT Automotive’s Operating Model

Low-cost model and vertically integrated operations

CT Automotive was established to capitalise on lower operating costs in China and to disrupt a predominately developed-economy focused automotive supply chain. Building on these foundations, CT Automotive has gone on to expand its operations within China whilst establishing additional assembly sites in other low-cost geographies with equally high-quality labour forces.

The Group combines this lower-cost labour base with highly-skilled engineering and design expertise, aided by its team of over 50 senior largely expatriate specialists to produce interior kinematic moulded and wrapped components.

In order to give it direct ownership and control over all operations in China, CT Automotive’s operations within the country are conducted through a WFOE, giving the Group full operational control without the need for mainland Chinese shareholders. By maintaining full control over the entire process, the Directors believe that the Group is able to ensure high-quality standards whilst offering customers faster product development and greater flexibility and reliability than its key competitors.

The majority of components produced by the Group are finished through processes executed entirely in-house, with sub-contracting of processes to third parties in limited circumstances. The Directors believe that less than five per cent. of the Group’s contracts have outsourced processes. Over its history the Group has actively sought to bring production processes in-house. This has most recently included the addition of in-house painting and chroming capabilities in Ganzhou and Shenzhen, respectively.

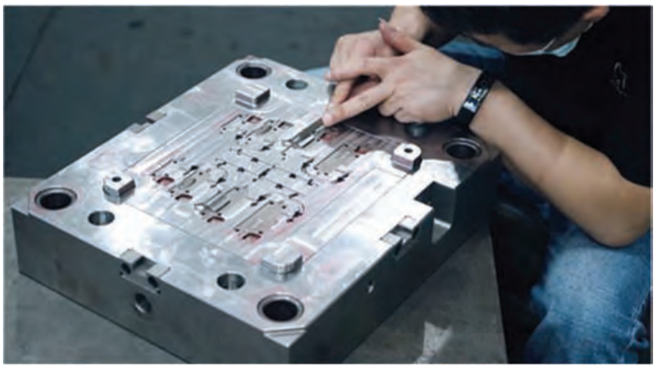
By owning the full supply chain from design, through to prototyping, tooling validation testing and then manufacturing, the Directors consider CT Automotive’s margins to be enhanced due to vertical integration. The CT Automotive operating model combines economic efficiencies with quality, specialist engineering expertise to provide a high-quality, operationally efficient, lower-cost and integrated service to both Tier One suppliers and direct to OEMs.

Engineering, Design and Development

As part of this model, CT Automotive offers in-house engineering and design solutions to help customers solve problems from original concept through to final implementation.

At its design locations in China, India and Japan, the Group employs over 90 specialist design engineers to assist its customers with the development of interior components and the tooling required for volume production. CT Automotive’s engineers are highly skilled and experienced and engage and perform a number of crucial tasks for clients in relation to the development of new components and required manufacturing processes. This includes clay modelling of parts, initial concept design work, computer fluid dynamics, final data releases and the engineering design itself. Using these designs, CT Automotive then produces tools for its clients at its Shenzhen plant. Production tooling can vary in size up to 10 tonnes, with each tool for a given component typically taking between four to eight weeks to manufacture. These tools are unique to each component and with CT Automotive's equipment configured to each tool for Serial Production.

Figure 4: Tooling Development



Running alongside its tooling design solutions, CT Automotive also offers product validation solutions to its customers. The Group has high-quality, in-house, independently accredited ISO 17025 testing facilities which are fully approved by VAG and General Motors and are designed specifically for CT Automotive to link together computer-aided engineering work and final product validation.

The Directors believe that CT Automotive's competitors, which principally produce in more expensive geographies, such as the US, Japan and Europe, tend to outsource tooling design and manufacture to sub-contractors, which in turn, increases costs and lead times, resulting in reduced flexibility in response to client requests.

Taken together, it is the Directors' belief that the high-quality, integrated nature of designing and producing tooling helps CT Automotive to deliver an exceptional level of service for customers, entrenching relationships and increasing the proportion of customer wallet spend. Although Engineering, Design and Development represents a relatively small proportion of total Group revenue (c.20 per cent. in FY 2020), it helps to differentiate the CT Automotive proposition and demonstrate its expertise with the sector. Engineering, Design and Development also enhances the Group's relationships with customers and are typically a precursor to future serial production programmes.

Component Serial Production

At the centre of CT Automotive's offering is its focus on component production. CT Automotive is focused on delivering quality products through the utilisation of cost-effective and advanced control measures whilst being innovative and forward-looking; CT Automotive is consistently seeking to enhance and expand its product range to ensure that the Group's range meets customer quality and design requirements, contributing to innovative interior designs.

Relative to other component suppliers, the Directors consider CT Automotive's production operations have a number of key benefits. Firstly, the Directors believe CT Automotive's wages and associated costs for skilled engineers, tool makers and operators are substantially lower than developed market standards. When this is paired with the Directors' belief that CT Automotive's plant, equipment and robotics fixtures are significantly less expensive than developed market prices, the Directors believe that CT Automotive is viewed by its customers as an economical, reliable, high-quality supplier.

Serial Production represented c.80 per cent. of the Group's revenue in FY 2020. The Directors consider revenue associated with component production to be more visible in nature. A client faces high costs and is exposed to additional risk by switching supplier.

6. Operations

Sites and facilities

CT Automotive operates 12 production and distribution sites globally. The Group has a well invested asset base with limited capital expenditure requirements in the near to medium term to maintain the existing asset base and service existing and near-term opportunities. The Directors expect to incur c.$2.5 million of capital expenditure in the next 12 months in order to establish a new manufacturing base in Mexico. In addition, the Group plans to expand capacity at its Czech Republic facility. The relatively low capital expenditure required to establish new production facilities reflects the Group's ability to source plant and equipment in China and employ its modular factory development model. The Mexico plant is expected to facilitate localised product assembly, providing tariff free access to the North American market in response to customer demand.

Key manufacturing processes include high speed CNC and EDM for tooling and prototypes based in Shenzhen, precision injection moulding for product assembly, twin shot injection capability, painting, chroming, foiling for finishes, and vacuuming for fascia-wrapped panels.

Details of these sites are set out below:

Chinese sites

Country	*Site*	*Production Processes*	*Production Capacity*
China	Shenzhen (1)	Moulding	44 machines
		Assembly	26 lines
		Technical Centre	Engineering Design and Development HQ
China	Shenzhen (2)	Moulding	12 machines
China	Shenzhen (3)	Chrome Plating	
China	Ganzhou (1)	Moulding	51 machines
		Assembly	16 lines
		Painting	3 lines
China	Ganzhou (2)	Moulding	34 machines
		Assembly	21 lines
China	Ganzhou (3)	Moulding	44 machines
		Assembly	21 lines
		Sewing	58 machines

Other international sites

Country	*Site*	*Description*
Czech Republic	Oesk	Primarily injection moulding, glovebox manufacturing and ultrasonic welding, with assembly of larger kinematic components produced at Chinese site
Turkey	Gebze	Principally injection moulding and assembly of air vents for JIT supply into Turkish customer sites
India	Pune	Serves as a supporting Engineering Design office
UK	Newton Aycliffe	Principally injection moulding and sub-assembly of products for JIT supply to Nissan factory in Sunderland
UK	Sunderland	Warehouse and distribution site
USA	Detroit	Distribution warehouse for serial production products to customers across the US. The site also contains an Engineering Sales and Programme Management office to support penetration of the US market

Employees

The entrepreneurial foundations of the business have continued to drive the culture of the Company. The Directors consider that the flexibility and agility in exploiting new opportunities have differentiated the Group from its larger competitors and contributed to the growth in market share since formation.

Employees in the Group can be divided into four distinct areas: Programme Acquisition, Product Engineering, Design and Development and Serial Production.

Programme Acquisition consists of sales functions in Europe, North and South America, China and Japan. The team is comprised of six sales engineers throughout these regions, supported by a commercial engineering team of five engineers in the Shenzhen Technology Centre. This team fulfils a key role in the early-stage programme costings and technical input, prior to contract nomination and commercial tracking to start of production and onwards.

Engineering, Design and Development is managed out of the Shenzhen Technology Centre, supported by an additional design office in India. Development is highly intensive and requires an extremely skilled team. The team is managed by the Head of Design and Engineering, Head of Programme Management and the Head of Tooling and Design, and is supported by 17 tool design and feasibility engineers, 20 product design engineers (including two simulation engineers), 30 program and project engineers, 8 product validation and testing engineers, five process design engineers, 8 fixture and automation engineers, 60 highly trained toolmakers and prototype engineers, and 10 program and quality engineers. This team of highly skilled engineers brings complex assemblies into production within tight time frames, against a background of exacting client expectations in terms of functionality, durability, perceived quality and styling.

The Serial Production team is responsible for scale manufacture of the products either to a customer's or the Group's internal product development design. This division's management includes the Head of Supply Chain and Purchasing, the Head of Manufacturing and the Head of Quality.

WIP and Inventory dynamics

Production cycles vary amongst the different plant types. The Group's Asian production plants typically hold one month's raw material inventory. Raw materials, on average, are on a four-week lead time and are converted into finished assemblies within two weeks. OEMs typically provide a three-month project plan with one or two weeks' firm schedules. Finished goods are then in transit from China for approximately six weeks, following which it typically takes two weeks for inventory to be shipped to localised distribution centres. The output of local plants differs principally in that there is no transit inventory. Certain customers will also collect inventory locally from China.

Seasonal sales variation is largely confined to that resulting from summer and Christmas production shutdowns including those at the Group's OEM customers. In addition, the Group's Chinese operations shut down for Chinese New Year. While this has limited impact on sales, the Group typically produces additional inventory prior to the shutdown to ensure consistent supply to customers.

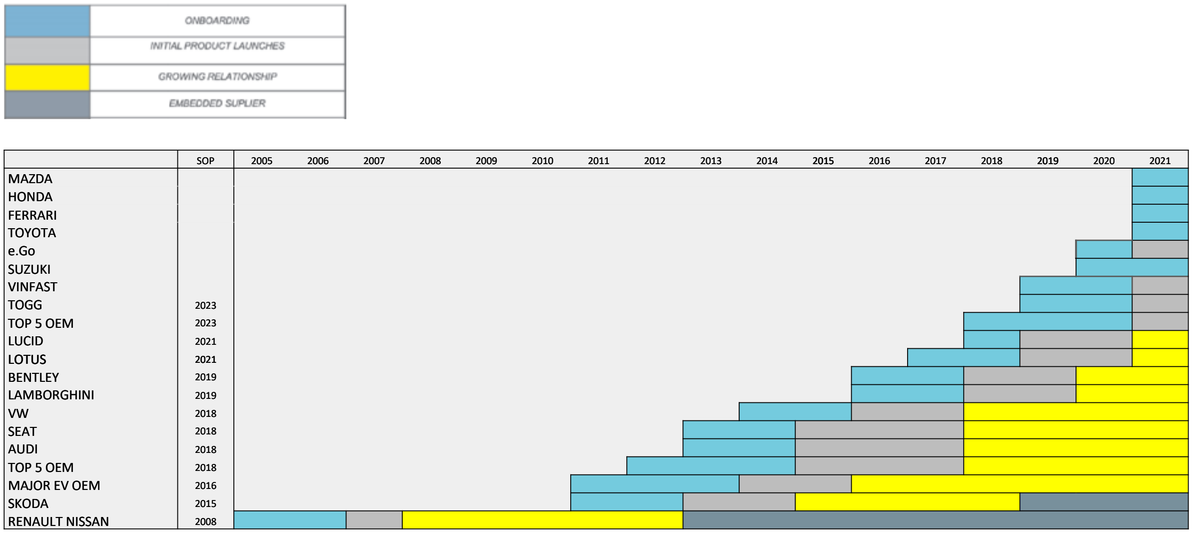
7. Customers

The Group's ultimate customers are the global automotive OEMs. The Group engages with the OEMs directly and via global automotive Tier One suppliers, including Faurecia and Marelli. The Group's marketing strategy targets both these OEMs and Tier One suppliers through an international sales network. The development period for a new production model is a multi-year process and it typically takes up to two years from initial customer introduction to the Group being nominated on a project. At the beginning of a new customer relationship, the Group is usually required to submit information on its operations and a cost comparison with existing suppliers before completing all of the relevant quality certifications and financial checks that may be requested by the customer. Before being approved as a supplier, potential customers also undertake visits to production sites and audits of production processes.

Once approved as a supplier, the Group is eligible to respond to RFQs issued by customers. The quote development process can take up to a year and involves working with the customer to develop the design and manufacturing process as well as identifying potential cost reduction solutions. Model production cycles are typically six to seven years with a mid-cycle design refresh after three years and the Group will usually be nominated for the duration of the model cycle. While not contractually committed, there are significant barriers to switching suppliers including potential for re-tooling to be required by an alternate supplier and the risk of down time due to a lack of suitable inventory. Absent a compelling reason for switching suppliers, OEMs tend to avoid doing so and to date the Group has never been replaced in the supply of components to a model during the production life cycle.

The Group has a strong record of customer retention and has never lost a major customer. The Group currently supplies 17 OEMs and has commercial relationships with 25 global Tier One suppliers, which in aggregate account for 40 per cent. of global automotive production. Once engaged the Group has consistently expanded its relationships to progressively supply an increasing volume and range of components. The Directors believe that all of the Group's commercial relationships are still in a growth phase with further potential to expand the relationship through the supply to new platforms, provision of new products and penetration of new geographical areas. Given the long production cycles, the Group benefits from the layering of new and expanded contracts on to the existing production base, fuelling long term production revenue growth. The Group has progressively won new customers as it has established its reputation and has expanded those relationships to increase the Group's total share of wallet.

Figure 5: New customer wins



8. Growth Strategy

As described in paragraph 7 above, CT Automotive has a track record of embedding itself with customers and progressively expanding the value of components delivered. Future growth is therefore expected to come from new platforms, the supply of a broader range of parts to those platforms, the layering of new contracts on to existing secured long-term production and the supply to clients' production facilities in additional geographical regions. In addition, the Group is pursuing a number of strategic initiatives to accelerate long term growth.

New customers (embed and expand)

Revenue growth is expected to come from two sources: (1) the onboarding of new customers and (2) the expansion of existing relationships to supply an increasing value of components to successive and new models. The Group has historically been highly successful in embedding itself with customers as a key supplier and expanding these relationships to progressively capture an increasing share of the value of available content and also add new models and geographic regions.

The Directors believe that to date the Group has embedded itself with only two of its existing end customers where it is nominated on a significant proportion of potential contracts. There is significant potential to increase the value of work undertaken with the remaining customer base, expanding both product range and number of models supplied. As described in paragraph 7 of this Part I above, the onboarding of a new customer is a multi-year process prior to the start of production. However, the Group is in the onboarding phase with five new OEM and Tier One customers and the Directors anticipate that production will commence with these new customers over the next 12 to 24 months. As the Group continues to build its reputation and track record, the Directors anticipate that they will be able to continue to convert and onboard new customers with a number of OEMs that the Group does not currently have a commercial relationship with.

Strategic collaborations

The Group has recently signed a strategic agreement with a global Tier One supplier, through which it is intended that the Group could become the exclusive supplier of air vents to that Tier One supplier's entire client base in Europe and North America over time. The Tier One supplier and the Group have jointly identified a number of opportunities where the two groups can cooperate on upcoming tenders. According to the Directors' knowledge of the Tier One supplier, they estimate that the Tier One supplier currently sub-contracts approximately $100 million of air vents annually, given the high barriers to switching production, the two groups are initially targeting new product launches so that the scale of collaboration builds organically over time as the Tier One supplier implements the agreement for CT

Automotive to become its exclusive supplier. Given the length of production cycles, it is expected that the full value of the strategic collaboration will be realised fully over 5 to 10 years.

The Tier One supplier and the Group have established a steering committee to identify and target opportunities as they implement the collaboration agreement. It is anticipated that initial contracts under the overall agreement should commence in 2023.

The Directors believe that by partnering with the Tier One supplier, the Group can benefit from the Tier One supplier's global scale and reach to establish new commercial relationships with the potential to subsequently expand the components supplied beyond air vents. Furthermore the Group is not restricted from competing with the Tier One supplier on tenders to offer products other than air vents.

Mexico plant

Following the introduction of additional import tariffs by the Trump administration on certain goods arriving from China into the USA it has become less economical for the Group to supply components to US based customers directly from China. While the Group has entered into cost sharing agreements with some of its existing customers to mitigate in part the impact of the tariffs, the Directors do not believe that they will be able to competitively bid for new contracts supplied directly by the Group's Chinese plants while the tariffs remain in force.

In order to continue to supply customers, including a major electric car company in the US without the imposition of the China Tariffs, the Group is in the process of establishing a new manufacturing site in Mexico from which it will export to the US. The Group has developed a low-cost modular factory design that minimises initial start-up costs. The Directors estimate that capital expenditure of c.$2.5 million will be required to prepare the site for first production, with a facility having been identified in Puebla. This site has in place the required infrastructure, including appropriate energy connections, to allow the Group to rapidly deploy machinery and commence production. The Directors anticipate that production will commence at the facility in mid-2022.

The Group has followed a demand-led expansion programme and has secured contracts for delivery from the Mexico plant such that it is expected to be revenue generating immediately upon completion.

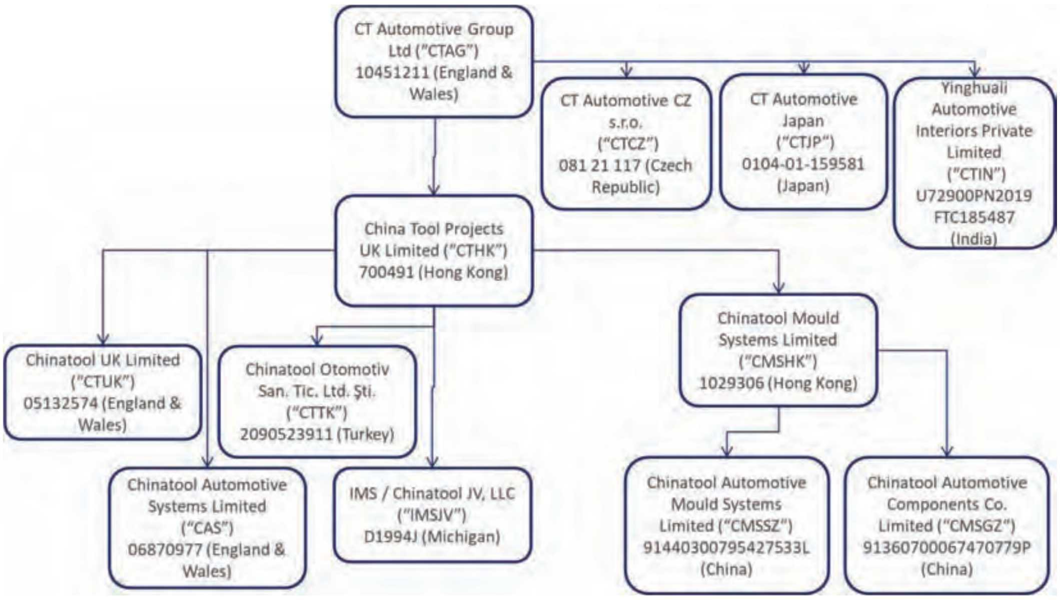
Other Growth Opportunities

As part of the growth strategy, the Directors will consider further opportunities to accelerate growth, enter into new markets or gain new strategic relationships. The Directors have identified opportunities to undertake design led research and development to incorporate technology and electronics into the Group's components. The Directors believe such components will be highly desirable for OEMs and further enhance both the Group's competitive position and margin. In addition, opportunities post-IPO may include strategic acquisitions, benefitting from the Group's strengthened capital structure. CT Automotive's business model has significant flexibility due to its low overhead structure, capital expenditure profile and cash conversion, whereas it is the Directors' belief that the Group's competitors, who are largely based in high-cost economies, have been impacted severely during the COVID-19 pandemic. Acquiring distressed assets from competitors and integrating them into the CT Automotive model may provide significant incremental growth opportunities.

Group Overview

Corporate structure

The diagram below shows the Group's corporate structure:



* All subsidiaries are 100 per cent. owned by the entity above them, are active (unless noted otherwise above) and have limited liability, apart from Yinghuali Automotive Interiors Private Limited which is 99.99% owned by the Company due to local ownership laws in India.

CT Automotive is the ultimate holding company of the Group. Further details of the Company's issued share capital are set out in paragraph 3 of Part V of this document, with details of the current shareholders set out in paragraphs 6 and 9 in Part V of this document.

9. Directors and Senior Management

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

The Board

Simon Brian Phillips (Executive Chairman, aged 51)

Simon co-founded CT Automotive in 2000 having identified an opportunity to disrupt the automotive tooling market. He led the business as Chief Executive Officer until 2014, developing the business model from its original tooling focus into the global Serial Production operation it is today. Following the appointment of Scott McKenzie as Chief Executive Officer, Simon has focused on driving the continued growth of CT Automotive and identifying new strategic opportunities.

Simon was a shareholder in an injection moulding company in the UK prior to exiting that business and co-founding CT Automotive. Simon has an engineering background having studied Mechanical Engineering at Portsmouth University, with a specific emphasis on sub-sonic to super-sonic flight.

Scott McKenzie (Chief Executive Officer aged 45)

Scott joined CT Automotive from Magna International in 2007, following a career in automotive interior development and program management. Upon joining, Scott quickly progressed to Operations Director before being appointed as Group Managing Director in September 2014.

Scott's background included specialisation in new product development and manufacturing operations in the Far East since 2001. Scott's academic background was in Polymer Sciences and Technologies.

David Paul Wilkinson (Chief Financial Officer, aged 40)

David is a Chartered Accountant and during his 11 years in practice worked across a range of disciplines including Audit, Tax, Business Services and Corporate Finance and dealt with a wide range of companies both large and small.

He began advising CT Automotive on strategy, M&A opportunities and funding in 2004, and was then invited to join CT Automotive as Group Finance Director in 2011.

Prior to CT Automotive he spent seven years as an M&A adviser at BDO, specialising in selling businesses and executing Management Buy-Outs for clients across a wide range of sectors.

Tracey Dawn James (Senior Independent Non-Executive Director, aged 58)

Tracey is a Chartered Accountant who has spent 26 years with Grant Thornton UK LLP, with the last 14 years as an Audit Partner. Tracey was a member of Grant Thornton's Oversight Board and also served on the Audit & Risk and Pensions Committees. She was also previously Finance Director of Karl Storz Endoscopy Canada (1999-2000). Tracey is currently a Non-Executive Director and Chair of the Audit Committee at Gattaca plc, as well as a Non-Executive Director of ECO Animal Health.

Tracey has also previously held Non-Executive Directorships at Places for People Group Limited and Activate Learning, where roles included the Chair of the Audit Committee.

Francesca Eva Irene Ecsery (Non-Executive Director, aged 58)

Francesca has over 20 years' experience as a director of both public companies and start-ups in the digital, retail, fast-moving consumer goods and leisure industries. She is a Harvard MBA, fluent in five languages and has special expertise in multi-platform consumer marketing, branding and sustainable commercial strategies.

Francesca is also a Non-Executive Director of Marshall Motors plc, Société Air France SA, F&C Investment Trust plc and the Association of Investment Companies. Her previous executive experience includes McKinsey, PepsiCo, Thorn EMI, Thomas Cook and STA Travel.

Raymond (Ray) John Bench (Non-Executive Director, aged 48)

Ray has worked in the global automotive industry for the past 30 years; 12 of which were spent working for a Chinese OEM. He is an experienced automotive design engineer with extensive knowledge of automotive design processes.

Ray has significant experience of business and departmental management, including having been part of Shanghai Motor UK Technical Centre's UK senior leadership team. Ray's experience also includes leadership roles at MG Rover Group, Rover Group, and Land Rover.

Senior Management Team

The Board is supported by an experienced operational management team including the following individuals:

- **Barry Stone, EU Operations** Director: Barry joined the Group in 2001 initially to focus on production projects and supporting the core tooling supply business. Barry's background is in manufacturing and he has held a variety of production management and commercial roles.
- **Graham Mackey, Asian Operations Manager**: Graham joined the Group in 2014 and was promoted to manufacturing and general manager of the Ganzhou site in 2015 and 2018, respectively. He expanded the site from one to three buildings. In 2021, he was promoted to Operations Manager for Asia and given oversight of manufacturing, supply chain and finance.
- **Davis Xie, Quality Director**: Davis joined the Group in 2013 after holding similar supplier quality management roles at GM and Nissan, gaining detailed experience in the IATF16949 quality system and total quality management implementation;
- **Steven Bird, Business Development Director**: Steven joined the Group in 2000 to lead business development and has a background in both sales and operations in the plastics industry.

- **Taka Yoshike, Business Development Director**: Joined in 2016 to develop the Group's relationships with the Japanese OEMs and Tier One suppliers. Taka has a background in sales with significant experience selling to blue chip customers in Japan.

- **Jonathan (Jon) Lynch, Group Finance Director**: Jon joined the Group in 2019 and is a Chartered Accountant. Jon oversees the UK, China and Turkey finance teams. Prior to CT Automotive, Jon completed his accountancy training at Grant Thornton in audit and then later worked as a Transaction Services adviser working on private equity transactions and AIM IPOs.

10. Summary Financial Information

The following summary financial information for the Group has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	Year ended 31 December 2018 Audited ($'000)	*Year ended 31 December 2019 Audited ($'000)*	*Year ended 31 December 2020 Audited ($'000)*	*Six months ended 30 June 2020 Unaudited ($'000)*	*Six months ended 30 June 2021 Unaudited ($'000)*
Revenue	115,993	113,215	109,899	40,394	74,658
Gross profit	37,385	29,653	22,147	4,056	19,532
Gross margin	32.2%	26.2%	20.2%	10.0%	26.2%
EBITDA	14,172	9,891	181	(7,711)	7,005
Operating profit/(loss)	12,367	5,333	(4,325)	(10,035)	4,559

Note: EBITDA is calculated by taking net cash from operating activities and adding back depreciation, amortisation, impairment, financial expenses, taxation and share of post-tax losses of equity accounted associates

11. Current Trading and Prospects

There was a significant drop in global vehicle production in 2020 as a result of the COVID-19 pandemic and the preventative measures that were implemented globally, including national lockdowns that led to factory shutdowns. Global vehicle production recovered strongly during the latter half of 2020 and this continued into 2021, with significant demand for new vehicles. Accordingly, as global vehicle production recovered, the Group performed strongly, generating revenues of $74.7 million in H1 2021, in spite of some disruption to production caused by a global shortage of semiconductors.

However, in the second half of 2021 the semiconductor shortage has increasingly impacted global vehicle production, which is now expected to be significantly below prior expectations for 2021. While the semiconductor shortage has impacted OEMs unevenly and they have sought to preserve production on key models, the extent of the shortage has led to the Group experiencing a significant trading slowdown in the second half of 2021 in line with wider automotive production declines.

The Directors believe that the impacts of the semiconductor shortage could continue for the rest of 2021 and throughout at least the first half of 2022. However, the Directors expect a recovery in global production during the year as supply issues ease and OEMs continue to prioritise key models in order to meet consumer demand. IHS Markit reported (18 October 2021) that the semiconductor supply chain is showing signs of stabilisation albeit the outlook remains subject to some uncertainty.

As a result of existing nominations, the Directors anticipate the Group to benefit from increasing Serial Production revenues in 2022 as the OEMs seek to meet the pent-up consumer demand for cars, with the full effect of new launches in 2021 contributing to further growth for CT Automotive. Accordingly, the Directors anticipate that production volumes will recover during FY 2022, ahead of automotive supply chain issues resolving fully in FY 2023. The Group is positioned to recover strongly with c.95 per cent. of anticipated revenue in 2022 and c.90 per cent. of anticipated revenue in 2023 expected to come from projects which are currently underway or on which the Group is already the nominated supplier.

12. Reasons for Admission and use of Proceeds

The Board believes that Admission is an important step in the Company's continuing development, and will accelerate its commercial progression. In particular, the Placing and Admission will provide the Company with capital to execute the Board's growth plans for the Group.

The Placing will raise net proceeds of approximately $40.8 million for the Company.

The Board intends to use the net proceeds of the Placing to fund the full repayment of the Group's existing term debt and substantially reduce existing overall debt. This is expected to unlock free cash flow to fund investment in:

- enlarging the Group's production facilities in Europe and opening a new facility in Mexico to allow better access into new markets and customers;
- taking on a larger number of new programmes, layering on top of existing programmes, through investment in working capital;
- reducing supplier costs by up to c.five per cent. through increased balance sheet strength;
- increased funding capacity to facilitate entry into more strategic partnerships; and
- increasing research and development expenditure to enhance competitive advantage.

The Directors also believe that the enhanced disclosure and corporate governance regime that will apply to the Group following Admission, combined with the improved financial position will give the Group greater credibility in its discussions with key stakeholders.

Admission will also enhance the Company's profile with existing and potential customers. Admission will also provide a mechanism through which the Company will, in the future, be able to recruit, incentivise and retain key staff through equity-linked schemes, broaden the Company's shareholder base and provide access to capital markets to fund future organic growth and acquisitions, if required.

13. Details of the Placing and Admission

The Placing comprises the issue of 22,871,905 Placing Shares by the Company at the Placing Price to raise gross proceeds of £33.6 million (approximately £30.8 million net of proceeds) for the Company. The Placing Shares, when issued, will represent, in aggregate, approximately 44.9 per cent. of the Enlarged Share Capital. On Admission, it is expected that the Company will have a market capitalisation of approximately £74.9 million at the Placing Price.

The Company, each Director and Liberum have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, Liberum has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing has not been underwritten by Liberum.

The Placing Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after Admission.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part V of this document.

14. Lock-in Arrangements

Each of the Locked-in Shareholders, who on Admission will be the holders of 28,061,384 Ordinary Shares in aggregate, representing approximately 55.1 per cent. of the Enlarged Share Capital, will be subject to lock-in arrangements pursuant to the Placing Agreement in the case of the Executive Directors, and in the case of the Convertible Noteholders, pursuant to the Lock-in Agreements.

Under the terms of the Placing Agreement, the Executive Directors have undertaken to the Company and Liberum not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is 12 months from the date of Admission (the "**Restricted Period**") and, for a further period of 12 months following expiry of the Restricted Period, only to dispose of their

Ordinary Shares through Liberum during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Under the terms of the Lock-in Agreements, the Convertible Noteholders have undertaken to the Company, save in certain circumstances, not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is six months from the date of Admission.

Further details of the lock-in arrangements under the Placing Agreement and the Lock-in Agreements are set out in paragraph 12.1 of Part V of this document.

15. Environmental, Social and governance (ESG)

The Directors recognise the importance of ESG and the Group is committed to adopting best practice actions and reporting. CT Automotive's focus on a leadership strategy co-exists with a strong commitment to the safety and welfare of staff, a sustainable approach to environmental practices, and a strong governance framework.

ESG considerations and reporting currently fall under the remit of the Audit and Risk Committee of the Board. The Directors intend to monitor progress and may implement a formal ESG policy, strategy and committee. The Directors recognise that the Group's ESG reporting will evolve over time and the Group is collecting data from across the Group as it develops its strategy. CT Automotive has also engaged EcoVadis to undertake a full sustainability report of the Group's operations.

16. Corporate Governance

Following Admission, the Board will comprise six Directors, of which three will be Executive Directors and three will be Non-Executive Directors. The Board considers Tracey James, Francesca Ecsery and Raymond Bench to be independent Non-Executive Directors under the criteria identified in the QCA Code.

The Directors also recognise the importance of sound corporate governance and, following Admission, have adopted the QCA Code as they consider the code appropriate for the Company's size, board structure, stage of development and resources. Contrary to the QCA Code, Simon Phillips will be Executive Chairman since the Board considers this to be appropriate in the immediate future as he has driven and will continue to drive the strategy of the Group. A senior independent Non-Executive Director, Tracey James, has been appointed as Senior Independent Director to deal with shareholder related matters.

On Admission, it is anticipated that the Group will comply with the Principles set out in the QCA Code.

All AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so.

From Admission, the Group's website at https://ct-automotive.net/ will set out the extent of any non-compliance with the QCA Code by the Group.

The QCA Code recommends that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Code recommends that the board should include at least two non-executive directors who are deemed to independent for the purposes of the QCA Code. As noted above, the independent Non-Executive Directors of the Company are Tracey James, Francesca Ecsery and Raymond Bench.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit and risk committee and a remuneration committee with formally delegated rules and responsibilities.

Audit and Risk Committee

The audit and risk committee will comprise Francesca Ecsery, Raymond Bench and Tracey James, who will act as chair. The audit and risk committee will, among other things, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The audit and risk committee will also advise the Board on the Group's overall risk appetite and strategy including, inter alia, regularly reviewing and updating (if appropriate) the risk assessment processes in place, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

Remuneration Committee

The remuneration committee will comprise Tracey James, Raymond Bench and Francesca Ecsery, who will act as chair. The remuneration committee will review and make recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The remuneration committee will also make recommendations to the board concerning the allocation of share options to employees under the intended share option schemes.

The Company has also adopted a share dealing code for directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to the prohibition of dealing during closed periods), as described further below.

17. Share Dealing Policy

With effect from Admission, the Company will operate its share dealing code (the "**Share Dealing Code**"), which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging managerial responsibility, including the Directors, and the senior management and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by the FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

18. Loan Conversion Shares

Founder Loan Note

On 6 April 2017 the Company constituted the Founder Loan Note Instrument which was amended on 15 September 2021, pursuant to which $12.1 million fixed rate unsecured founder loan notes were created and issued to Simon Phillips. The principal outstanding under the Founder Loan Notes immediately prior to Admission will be $9.9 million.

Pursuant to an agreement dated 16 December 2021 between the Company, Simon Phillips and certain entities controlled by Simon Phillips, Simon Phillips has agreed that part of the amount outstanding under the Founder Loan Note Instrument will be set off against amounts owed to the Group by certain other entities controlled by Simon Phillips with the net balance of $6.2 million being satisfied in full by the issue of 3,176,871 Ordinary Shares at the Placing Price.

Convertible Loan Notes

On 20 September 2021, the Company constituted $5.6 million 10% convertible redeemable loan notes pursuant to the Convertible Loan Note Instrument. Pursuant to the Convertible Loan Note Instrument, the Convertible Loan Notes were issued to the Convertible Noteholders.

The Convertible Loan Notes shall automatically convert on Admission to Ordinary Shares in the Company at a 43 per cent. discount to the Placing Price. As a condition to subscribing for the Convertible Loan Notes, each Convertible Noteholder agreed to sign a Lock-in Agreement, under the terms of which, the Convertible Noteholders have undertaken to the Company not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is six months from the date of Admission.

Director Loans

In August 2021, the Executive Directors loaned, in aggregate $487,619 to the Company. Each of the Executive Directors has agreed to convert the Director Loans into equity. Pursuant to the Director Loan Conversion Agreements entered into on 16 December 2021, the Director Loans shall automatically convert on Admission to Ordinary Shares in the Company at the Placing Price.

On Admission, the Company will issue, in aggregate 8,461,384 Loan Conversion Shares, 3,383,702 of which will be issued to Simon Phillips, 25,570 of which will be issued to Scott McKenzie, 17,214 of which will be issued to David Wilkinson and 5,034,898 of which will be issued to the Convertible Noteholders.

19. Dividend Policy

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may in future approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the immediate development of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

20. Share Option Schemes

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

The Company proposes to adopt a long term incentive plan following Admission. The Proposed LTIP is intended to incentivise the Executive Directors of the Group and align their interests with those of the Group and the Company's external shareholders. Options to be granted under the Proposed LTIP will vest in three equal tranches from the third anniversary of Admission and will be subject to meeting earnings per share performance criteria in each of FY 2023, FY 2024 and FY 2025. The Proposed LTIP will represent a maximum five per cent. dilution of the Enlarged Share Capital and no further options will be granted under the Proposed LTIP. Options are proposed to be granted to each of the Executive Directors as follows:

	Number of Options	*Percentage of Enlarged Share Capital*
Simon Phillips	509,332	1.0
Scott McKenzie	1,018,665	2.0
David Wilkinson	1,018,665	2.0

Further details on the structure of the Proposed LTIP are set out paragraph 11 of Part V of this document.

Following Admission, the Company intends to adopt an employee share option scheme for the purpose of granting options to employees of the Group.

21. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 18 of Part V of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

22. The City Code

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City 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 City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer 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 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 City Code, a concert party arises where persons who, 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 holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

Concert Party

The Panel considers Simon Phillips, Scott McKenzie and David Wilkinson as persons acting in concert for the purposes of the City Code.

On Admission, the Concert Party will hold 23,026,486 Ordinary Shares, in aggregate, representing approximately 45.2 per cent. of the Enlarged Share Capital as set out below:

	Number of Ordinary Shares	*Percentage of Enlarged Share Capital*
Simon Phillips	19,483,702	38.3%
Scott McKenzie	2,185,570	4.3%
David Wilkinson	1,357,214	2.7%

As set out in paragraph 11 of Part V of this document, Simon Phillips, Scott McKenzie and David Wilkinson will be granted options under the Proposed LTIP to subscribe for new Ordinary Shares representing in aggregate 5 per cent. of the Enlarged Share Capital. Assuming full vesting and exercise of the Proposed LTIP, the Concert Party would hold in aggregate a maximum of 25,573,148 Ordinary Shares representing 47.8 per cent. of the Company's issued share capital at that time, assuming no other Ordinary Shares are issued.

To the extent that the exercise of the Proposed LTIP options in the future increases the Concert Party's interest in Ordinary Shares through a Rule 9 threshold, the Panel has confirmed that any such increase would not trigger an obligation to make a mandatory offer pursuant to Rule 9 on the basis that the consequence of such increases have been fully disclosed in this document.

However, should any member of the Concert Party acquire any interest in Ordinary Shares other than pursuant to the Loan Note Conversion described in paragraph 18 of this Part I or the exercise of options under the Proposed LTIP as set out in paragraph 11 of Part V, the Panel may regard this as giving rise to an obligation upon that member of the Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Concert Party or any other member of the Concert Party in the previous 12 months.

Further information on the provisions of the City Code can be found in paragraph 5 of Part V (Additional Information) of this document.

23. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

24. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 23 December 2021. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 23 December 2021. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 days of the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

25. Further Information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part V of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group generates a significant amount of its revenue from a limited number of large customers

While the Group supplies products to a number of leading OEMs and Tier One suppliers, it depends on a limited number of large customers for a significant proportion of its revenue. For the half year ended 30 June 2021, the Group's three largest customers accounted for approximately 78 per cent. of total Serial Production revenue with the largest customer accounting for approximately 43 per cent. of Serial Production revenue.

If the Group's commercial relationship with any such key customer is terminated or significantly altered for any reason, the Group's business, its results of operations and/or its financial condition could be materially adversely affected. This risk could also materialise if the content per vehicle awarded to the Group were to decrease or if CT Automotive were awarded a lower amount of content per vehicle than expected. While the Group has generally benefitted from an increasing content per vehicle in the past, there have also been platforms with a decreasing content per vehicle.

Furthermore, CT Automotive may make fewer sales to these customers for a number of reasons, including, but not limited to:

- reduced demand for customers' products, including as a result of cyclical downturns that disproportionately affect the automotive industry;
- loss of estimated future revenues from product nominations and expansion of existing nominations over the lifetime of the respective platform or failure of such business to materialise, including as a result of sales or specifications of a platform falling short of expectations;

- a decreasing content per vehicle, if the Group's customers were to tender fewer components or components with a lower value per vehicle or if the Group were to be awarded with a lower amount of content per vehicle than expected;
- inability to win nominations for new platforms that customers introduce, whether as a result of a failure to offer competitive terms or a customer's desire to diversify their supplier base;
- strikes or other work stoppages affecting production by customers;
- reduced or delayed customer requirements;
- curtailment or temporary suspension of production due to a shortage of components or sub-components (for example semiconductors); or
- bankruptcy or insolvency of a customer.

Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Operations and financial results have been negatively impacted by the COVID-19 pandemic, and the continued COVID-19 pandemic, or the outbreak of other contagious diseases, may have a material adverse effect on the Group's business, financial performance and results

As a designer, developer and supplier of interior components to the global automotive industry, the Group is exposed to substantial risks associated with the performance of the global economy as demand for automotive products and services is directly related to the strength of the global economy. Therefore, the Group's income and results of operations have been influenced, and will continue to be influenced by the general state and performance of the global economy. The global economy has recently been particularly affected by the outbreak of COVID-19, which caused extreme market volatility in the automotive industry since the beginning of 2020.

As a result, the Group's operations and financial results to date have been negatively impacted by these developments. In the first half of 2020, as the COVID-19 pandemic spread around the globe, at various times the Group temporarily suspended production at its facilities due to government ordered lockdowns or due to lack of demand from customers. The suspensions started in China early in 2020, followed by Europe in the spring of 2020. There can be no assurance that further lockdowns or other developments related to the COVID-19 pandemic will not lead to a further suspension of production at one or more of the Group's facilities in the future.

Beyond this, the Group may also be adversely affected by the outbreak of any other contagious diseases, which may result in a widespread health crisis that could affect the economies and financial markets of many countries, resulting in an economic downturn and substantial declines in consumer purchasing power that could affect demand for the Group's products, limit its ability to collect against existing trade receivables and reduce its operating results.

Further adverse impacts that the Group has experienced or may experience due to the COVID-19 pandemic or the outbreak of a contagious disease in the future include:

- infections and quarantining of employees in areas in which the Group operates;
- lower productivity and increased costs related to the introduction of social distancing measures at production sites;
- additional costs for personal protection equipment for staff;
- difficulties in the ability to satisfy the Group's contractual obligations to its customers in a timely manner;
- cancellations, delays or lower call-offs from customers due to lower demand, government imposed restrictions or other reasons;
- customers, service providers or suppliers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business or experiencing disruptions to their operations;

- higher freight and logistics costs and delays due to border controls; and
- the need to introduce measures to reduce costs and capital expenditure, including reductions in work force, short time labour and implementation of a hiring or salary freeze.

Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group principally manufactures in China which exposes it to certain risks

The Group's operations are primarily based in China. This exposes the Group to the political, legal and economic climate both within China and in relation to foreign economic policy in respect of China, which can be unpredictable and subject to change. CT Automotive's ability to continue to manufacture in China may be adversely affected by changes in Chinese or other international laws and regulations such as those related to, among other things, taxation, import and export tariffs and intellectual property. If any of these events occur, the Group's business, financial condition and results of operations could be materially and adversely affected. The Group may be susceptible to such changes given its reliance on manufacturing and design in the region.

In addition, the Group is reliant on international shipping to transport its goods from its core production sites to its customers' manufacturing facilities. Any disruption to international trade routes or increases in freight costs could require the Group to utilise higher cost freight options, including air freight, in order to ensure continuous supply to its customers. The Group may not be able to recover all or part of any increase in transport costs and sustained increases in freight costs could weaken the Group's competitive position and the Group's business, financial condition and results of operations could be materially and adversely affected.

A disruption in the Group's or its customers' supply or delivery chains, in particular semiconductor shortages, could cause one or more of the Group's customers to halt production

The Group and its customers rely on complex supply and delivery chains with short lead times and frequent deliveries, which make the logistics process in the automotive industry vulnerable to disruptions. As a result, the Group has experienced in the past, and expects to continue to experience in the future, temporary decreases in orders from the Group's customers due to supply chain disruptions.

In general, supply chain disruptions may be caused by many factors, including closures of customers' or suppliers' facilities or critical manufacturing facilities due to strikes, mechanical breakdowns, electrical outages, fire, as well as logistical complications resulting from weather or other natural disasters, mechanical failures, border controls, health checks and delayed customs processing or due to limitation of travel in logistics caused by COVID-19 or another pandemic. The COVID-19 pandemic has had an adverse impact on CT Automotive's supply chain, for example as a result of production suspensions at suppliers or additional border or import checks.

If the Group is unable to deliver products to its customers in a timely manner, its customers may be forced to cease production and may seek to recoup losses from the Group, which could be significant. Thus, any supply chain disruption could cause the complete shutdown of an assembly line of one of the Group's customers, which could expose the Group to material claims for compensation.

In addition, the Group is exposed to the risk of lower order volumes from customers due to a disruption to their own supply chain which is unrelated to the Group's products. For example, Tier One suppliers and OEMs are currently faced with a global shortage of semiconductors, which has resulted in lower production volumes and temporary production suspensions at some of the Group's customers facilities. This shortage currently remains ongoing. While an easing of the semiconductor shortage is anticipated in the near-to-medium term, the outlook and timing of any easing remains uncertain. Lower production and volumes at the Group's customers directly impacts demand for the Group's components and can have an immediate impact as the Group produces components in response to near term production schedules. A persistent shortage of microchips may affect the business, operating results and financial condition of the Group going forward.

Some of the Group's contracts with its customers include terms unfavourable to the Group

The Group contracts with a variety of OEMs and Tier One suppliers, many of whom are significantly larger than the Group. Whilst the Group seeks to negotiate contracts on terms that it considers are the most beneficial to it in the circumstances, the majority of the Group's material client contracts are the product of tender processes where the Group has limited or no scope for negotiation of standard contract terms. As such, these contracts contain provisions which might ordinarily be regarded as onerous, but which are not unusual in a procurement context. Examples of these provisions include consequential loss clauses (whereby the Group could be obliged to reimburse customers for lost revenue that the customer experiences because of CT Automotive failing to supply product to it), or unlimited or high liability caps in respect of CT Automotive's obligations under the contracts.

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

Some of the Group's contracts with its customers can be terminated at short notice

Certain of the Group's contracts, including those with its largest customers, contain standard terms and may be terminated by customers at short notice and without cause. The Directors believe these terms are in line with the majority of the industry and that contracts are unlikely to terminated during a production cycle, however, if these contracts were to be terminated, it could materially harm the financial condition of the Group.

The Group's contracts have a number of change of control clauses which may be relevant in the event of the IPO

The Group has certain agreements in place which permit the counterparty to terminate such agreements if their consent is not obtained prior to a change of control of the Group. Whilst the Directors are not aware of any intention on the part of any counterparties to terminate their agreements with the Group, or cease or suspend trading with the Group, the Placing and subsequent Admission may constitute a change of control under the relevant agreements for which consent of the counterparties has not been obtained. Should any such counterparty elect to terminate its agreement with the Group due to the change of control it could cause harm to the Group's business, financial condition and operating results.

The Group is exposed to fluctuations in prices of raw materials and energy which it may not be able to pass on to customers

Prices of certain raw materials and the energy the Group relies on are linked to commodity markets and thus subject to fluctuation. The primary raw materials and components used in the Group's products are polymers, leathers, paints, glues and chrome. The prices of such raw materials have fluctuated significantly in recent years and have increased in the recent past. In addition, CT Automotive uses substantial amounts of energy in its manufacturing process, the price of which is also subject to significant volatility. Such volatility in the prices of these commodities could increase the costs of manufacturing the Group's products.

In addition, supply shortages or delays in delivery of raw materials, components or energy can also result in increased costs of manufacturing the Group's products. Although CT Automotive engages in informal hedging activities, the Group does not have a structured hedging policy in place against the risk of rising prices of raw materials or energy.

Aside from informal hedging agreements, the Group has historically utilised an open book pricing model with its customers, whereby the customer is able to view to view the data and financial information relating to costs incurred by CT Automotive on a confidential basis. Although the Directors are of the view that this approach has helped mitigate margin compression caused by increases historically, there is no guarantee that this will continue to be a success going forward.

Therefore, if costs of raw materials and/or energy rise, and if the Group is not able to undertake cost saving measures or increase the selling prices of its products for new nominations, the Group may not be able to absorb such cost increases, which could have a material and adverse effect on its business, financial condition and results of operations.

A limited number of the Group's historical contract terms are not considered sufficient

Certain of the Group's historic contracts with its own suppliers do not contain detailed provisions in relation to certain key terms, such as quality, inspection, acceptance and liability. As such, the Group may not have adequate protection in the event of a dispute arising out or in connection with these contracts. There is therefore a risk that if a dispute arose under any of these contracts the Group would not be adequately protected and could suffer significant loss for which it would have no legal remedy.

The Group operates in a competitive environment and certain customers of the Group may also be considered rivals

Certain of the Group's customers may also be considered some of the Group's competitors. Tier One suppliers sell into the same final end market as the Group. As a result, the Group may be exposed to:

- replication of CT Automotive's designs or the Group's intellectual property and direct integration of such designs into the competitor's own offering; and
- the pursuance of aggressive pricing strategies against the Group in an attempt to materially diminish the Group's financial strength.

Such actions may have a material adverse effect on the business, results of operations and financial condition.

The Group's performance could also be impeded if its competitors adopt aggressive pricing policies, offer more appealing products or adapt more quickly to changes in technology or customer preferences and trends. Certain of the Group's competitors may possess greater financial resources, newer or better technology and materials, greater economies of scale, stronger brand recognition and customer loyalty and/or better entrenched relationships with customers as compared to the Group, any of which may give them a competitive advantage over the Group and could result in a loss of market share for the Group. The Group may be compelled to respond to such competitive pressures by lowering prices and/or increasing expenditures, leading to a decrease in its profit margins or free cash flow. Actions taken by the Group's competitors and the Group's response thereto may have a material adverse effect on its business, results of operations and financial condition. Likewise, the Group's failure to adapt to these or other changes in the competitive landscape could result in decreased revenue, lower profit margins and loss of market share, which would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business success depends on its ability to maintain high quality products and processes

As a designer, developer and supplier of interior components to the global automotive industry, a determining factor for the Group's customers in purchasing CT Automotive's products is the quality of its products and manufacturing processes. A decrease in the actual or perceived quality of its products and processes could damage the Group's image and reputation as well as those of the products. In addition, defective products could result in loss of sales, loss of customers and loss of market acceptance or could damage the Group's reputation and market perception, which in turn could have an adverse effect on its current and future sales and results of operations.

The Group may not be adequately insured

The Group currently has in place certain insurance arrangements in respect of its business. These insurance policies may not, however, cover any losses or damaged resulting from the realisation of any of the risks which the Group is subject to. For example, if any of the Group's manufacturing facilities were damaged or its operations were interrupted for a sustained period of time, there can be no assurance that its existing insurance policies, will be adequate to cover for any and all potentially resulting damages and losses.

Further, significant increases in insurance premiums could reduce the Group's cash flow. It is also possible in the future that insurance providers may no longer wish to insure businesses in the Group's industry against certain environmental occurrences. Any such event could have a material and adverse effect on the Group's business, financial condition and results of operations.

Change in the cost of labour

An increase in labour and employee benefit costs in certain low-cost countries in which the Group operates such as China, India, Turkey, and the Czech Republic may adversely affect the Group's operating costs and compromise CT Automotive's competitiveness. A shortage in the labour pool or other general inflationary pressures or changes will also increase the Group's labour costs. Any increases in labour costs could have a material adverse effect on the Group's prospects, operating results and financial condition.

Past performance may not be indicative of its future growth

Although CT Automotive's revenue has grown rapidly since inception, this should not be considered as indicative of its future performance. In future periods, CT Automotive's revenue could decline or grow more slowly than the Directors expect. The Group also may incur significant losses in the future for a number of reasons, including the following risks and the other risks described in this Part II.

Management of growth

The Group's growth plans may place a significant strain on its management and operational, financial and personnel resources. Further, the ability of the Group to implement its strategy requires effective planning and management control systems. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth. The value of an investment in the Company is dependent upon the Company achieving the aims set out in this document. There can be no guarantee that the Company will achieve or manage the level of success that the Directors expect.

Cyber-attacks

The Group utilises information technology systems to conduct its operations. Because of this, the Group and its software are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) malicious third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information (such as customer data), corrupting data, or causing operational disruption.

Whilst the Group has procedures in place to protect customer data, there is further risk associated with collecting, using and transferring personal data of customers and business partners or using data relating to employees and others. If the data were wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws, this could have serious risks for the Group from both a reputational and regulatory perspective and could result in fines or regulatory action, together with associated negative publicity.

Whilst the Directors consider that the Group has taken appropriate steps to protect its systems, there can be no assurance that its efforts will prevent service interruptions or security breaches in its systems or the unauthorised or inadvertent wrongful access or disclosure of confidential information that could have an adverse impact on the Group's business, prospects, operating results and financial condition or result in the loss, dissemination or misuse of critical or sensitive information. If the Group suffers from a cyber-attack, whether by a third party or insider, it may incur significant costs (including liability for stolen assets or information) and repairing any damage caused to the Group's network infrastructure and systems. The Group may also suffer reputational damage and loss of investor confidence. If the Group suffers a cyber-attack, this could expose the Group to potential financial and reputational harm.

Failure to identify or anticipate future risks

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that is publicly available or otherwise accessible to the Group. Failure (or the perception that the Company has failed) to develop, implement and monitor the Company's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which could have an adverse impact on the Group's business, prospects, operating results and financial condition.

RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

The Group operates in a cyclical industry which is subject to significant fluctuations over multi-year periods

CT Automotive generates its revenue from the design, development and supply of interior components to OEMs and Tier One suppliers, and demand for the Group's products is largely dependent on the industrial output of the automotive industry. The Group's operations and performance are directly related to the levels of global vehicle production and are therefore affected by factors that affect the automotive industry. The automotive industry is sensitive to factors such as consumer confidence, disposable income levels, availability of credit, commodities and resources, pandemics, epidemics and other health crises, fuel prices, and general economic conditions. Given the variety of economic parameters influencing global automotive demand, the volume of automotive production has historically been, and will continue to be, characterised by a level of cyclicality, which may make it difficult for the Group to accurately predict demand levels for its products. Although the Directors believe that the Group has high levels of revenue visibility, this visibility, due to the nature of the sector in which the Group operates, is sensitive to these wide amount of variables. Furthermore, automotive production and demand are subject to seasonal fluctuations, which may influence the demand for the Group's products within a fiscal year.

Furthermore, the Group risks under-utilisation of its manufacturing facilities and labour force or having insufficient capacity to meet customer demand if the markets in which the Group is active either decline or grow faster than anticipated. In addition, certain costs that the Group considers to be variable, such as costs of direct personnel or maintenance costs, are not directly related to its manufacturing volumes and there may be a time lag between a decrease in its manufacturing volume and the point in time in which the Group has successfully reduced these costs. The Group may also incur substantial expenses in connection with such cost reduction measures.

The Group also does not typically receive compensation from its customers if they purchase fewer components than expected or even contractually agreed. An underutilisation of the Group's manufacturing facilities or labour force could result in idle capacity costs and write-offs of inventories which the Group is unable to sell. Falling production volumes would also cause declines in revenue and earnings.

The risks related to the cyclical nature of the industry in which CT Automotive operates could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to risks related to its global operations

The Group currently has operations in various jurisdictions, including the UK, China, Hong Kong, the US, India, the Czech Republic, Japan and Turkey. Each of these jurisdictions has different regulatory, tax and legal environments that could change in the future and impact on how the group conducts its business in these countries. If the Group was to fail to comply with laws and regulations of overseas jurisdictions in which it operates, there is a risk that it could be subject to legal and reputational issues, such as government or regulatory enforcement, including the imposition of financial penalties. Such enforcement action may have a material adverse effect on the Group's reputation, results of operation and financial condition.

Furthermore, the global nature of the Group's operations makes the Group subject to various risks that could have a material adverse effect on those operations and its business as a whole, including:

- exposure to local economic conditions;
- exposure to local public health crisis, including but not limited to the COVID-19 pandemic, local measures to counter such crisis, such as lock-downs and the resultant impact on economic and political conditions;
- exposure to local political conditions, including political disputes, coups, requirements to expend a portion of funds locally, expropriation and nationalisation by a government;
- increased risk of fraud and political corruption;
- transport availability and costs;

- changes in tax law;
- exposure to varying environmental laws;
- unexpected changes in regulatory requirements;
- changes to existing free trade agreements and the imposition of export and import restrictions (such as anti-dumping duties, tariffs, embargoes, border controls and additional health checks);
- exposure to liabilities under the US Foreign Corrupt Practices Act, the UK Bribery Act 2010 or similar regulations;
- compliance with US Department of Commerce export controls or export control provisions of other jurisdictions, including the EU and China;
- government imposed investment and other restrictions or requirements;
- exposure to local social unrest, including any resultant acts of war, terrorism or similar events;
- currency exchange rate and interest rate fluctuations;
- hyperinflation in certain countries;
- increased reliance on local suppliers that have not proven their ability to meet the Group's requirements;
- the risk of government-sponsored competition;
- increased risk of uncontrollable accounts and longer collection cycles (particularly in China);
- difficulty enforcing agreements and collecting receivables through certain legal systems;
- variations in protection of intellectual property and other legal rights;
- difficulties associated with staffing and managing international operations, including differing labour relations;
- social plans that may substantially increase the cost of or make cost-prohibitive certain restructuring actions; and
- controls on and delays in the repatriation of cash (particularly in China), including the imposition or increase of withholding and other taxes on remittances and other payments by non-US subsidiaries.

Any of these factors could have a material and adverse effect on the Group's business, financial condition and results of operations.

The imposition of tariffs or non-tariff trade barriers on automobiles and other goods could have a material adverse effect on the Group

The sales volume of the Group's products and services depends upon the general global economic situation. Particular risks to the economic environment, international trade and demand for its products may arise from rising protectionist sentiment in CT Automotive's key markets and the introduction of further tariff and non-tariff barriers or similar measures due to increasing protectionist tendencies.

Since the beginning of 2018, the US administration announced a series of potential measures relating to international trade, which, individually or in aggregate, could have a material adverse impact on the global economy, international trade or the automotive industry. In 2018 and 2019, the former Trump administration began to impose tariffs on certain products, including a 25 per cent. tariff on imports of steel and a 10 per cent. tariff on imports of aluminium. In addition, the previous US administration enacted a number of measures aimed at restricting the access of Chinese companies to the US market. The Chinese government retaliated by imposing tariffs on a number of US products. While the United States and China entered into an "Economic and Trade Agreement" in January 2020 as a first step to resolve the trade conflict, the targets for additional US exports to China set in such agreement had not been met at the end of 2020. It is currently unclear whether the current US administration will continue its predecessor's trade policy or return to pre-2018 trade policies.

The previous US administration also negotiated a replacement of the North American Free Trade Agreement in October 2018. The new United States-Mexico-Canada Agreement includes more stringent rule of origin provisions and requirements for a minimum percentage of manufacturing being made with labour above a certain minimum wage.

As part of its growth strategy, the Group intends to substantially increase its operations in Mexico in order to supply its customers located in the United States under a preferred tariff system. The imposition of additional import restrictions, non-tariff trade barriers and/or tariffs, should the Group execute on this part of its growth plan, may adversely affect the Group's ability to supply customers in the United States or elsewhere.

In addition, new import restrictions, non-tariff trade barriers and/or tariffs could result in higher prices for vehicles, which could in turn have a negative impact on the demand for vehicles and thereby indirectly the Group's products. In addition, CT Automotive's results of operations could also be affected by retaliatory measures from Europe, China or other countries imposing tariffs on the United States.

Higher tariffs, or the imposition of tariffs could materially and adversely affect complex supply chains in the automotive industry. The automotive industry supply chain has developed over decades and relies on existing trade arrangements to provide for cross-border supplies of raw materials, automotive parts and other components. The impact of terminating existing trade arrangements could be materially disruptive to the supply chains resulting in immediate shortages of critical parts and components necessary to manufacture automobiles.

The Group operates within a highly competitive industry

The markets for the Group's products are highly competitive and the Group faces significant competition within each of its product categories.

Although the Directors believe that the Group has a strong position in the market for interior automotive components, if the Group does experience increased competition, amongst other reasons from industry competition of the emergence of new companies, the Group may have to compete against growing competitors who benefit from increased economies of scale or are part of large integrated groups and who may have greater financial and other resources or a larger footprint than the Group does. Such competitors may also be less margin sensitive than the Group and may attempt to increase their market share through pricing below cost. In addition, suppliers that do not currently compete with the Group could expand their product portfolios to include products that compete directly with the Group's products. Changes in the product focus of larger suppliers could also result in such suppliers establishing relationships with the Group's customers that reduce or entirely replace CT Automotive's business with those customers.

The realisation of such risks could have an adverse impact on the Group's business, financial condition, profitability and operating results.

The Group depends on its ability to attract and retain key employees and skilled personnel

The Group's success depends on attracting and retaining managing directors, executive officers, senior management, key employees and other skilled and unskilled personnel. In particular, the Group's Chairman, Chief Executive Officer and Chief Financial Officer (together, the "**Executive Directors**") have been with the Group since 2000, 2007 and 2011, respectively, and have played a key role in the Group's expansion. If the Group were to lose any of its Executive Directors, it could jeopardise the Group's ability to further execute its strategy.

More generally, the loss of directors, executives, key employees and other skilled personnel could have a material adverse effect on the Group's market position. The Group also relies on Western-trained specialist engineers to manage its overseas operations, which, should these employees leave or become materially more expensive, could undermine the continued productivity of the Group's overseas operations. Due to competition within the industry, there is a risk of losing such employees to competitors or being unable to find a sufficient number of appropriate new employees. Considerable expertise could be lost or access thereto gained by competitors.

There is no assurance that the Group will be successful in retaining its Executive Directors and the employees in key positions or in attracting new employees with corresponding qualifications. Although the Group tries to retain the commitment of its qualified executives and key employees through competitive compensation arrangements, there is a risk that any such individuals will leave the Group, including as a result of negotiations of collective bargaining agreement on terms that may be regarded as below market standard by employees.

The manufacture of many of the Group's products requires significant technical skills and expertise. The success of its operations and growth strategy will therefore also depend on attracting and retaining skilled and qualified personnel, maintaining its high quality standards and implementing the Group's standardised process and quality management globally.

The realisation of any of these risks could have a material and adverse effect on the Group's business, financial condition and results of operations.

Litigation risk

Whilst the Group has taken and intends to continue to take such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group. There can also be no assurance that the other parties in any litigation proceedings will not be able to devote substantially greater financial resources than the Group to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

Environmental compliance

The Group is engaged in the design and manufacturing of interior components to the global automotive industry, and as such, the Group is exposed to using, managing, storing and safely disposing of hazardous substances, wastes and other regulated materials. As such, the Group is responsible for making sure that these materials are appropriately managed and failure to comply with these regulations could lead to fines and other penalties, as well as negative publicity which could damage the Group's reputation.

Furthermore, these environmental laws and regulations could also require the Group to pay for environmental remediation and response costs at third-party locations where it has disposed of or recycled hazardous substances. With environmental regulations becoming increasingly stringent, the cost of complying with the various environmental requirements, as they now exist or may be altered in the future, could materially adversely affect the Group's business, results of operations and financial condition.

Health and safety

The Group has in place systems and processes in relation to the health and safety of its own activities. The objective of these systems and processes is the creation of a safe environment and all employees are provided with health and safety training and are audited for compliance through a number of inspections. Any infringement of health and safety law and environmental law and any failure to comply with good practice including appropriate risk assessments by the Group's employees could result in liabilities including criminal sanctions, fines and penalties and civil liability claims attaching directly to the Group, any or all of which could materially adversely impact the Group.

Foreign exchange exposure

The Group trades with suppliers internationally and therefore incurs costs in foreign currencies. As a result, the Group is exposed to exchange rate risk on purchases, primarily in Chinese Yuan and US dollars. Although the Group hedges its exposure it still retains a level of exposure to fluctuations in exchange rates that could harm its business, operating results and financial condition.

Intellectual Property

The Group's business carries with it the risk of alleged intellectual property right infringement, including but not limited to: copyright infringement, design right infringement, trademark infringement and passing off. The Group itself does not hold any registered intellectual property rights.

If the Group was alleged to have infringed the intellectual property rights of a third party the Group may be required to incur significant legal and other professional costs in defending itself. This might have an adverse effect on the Group's reputation, business, results of operations and financial condition. Similarly, the Group may from time to time become involved in claims made by other companies for passing off or infringing its intellectual property rights or damaging their brand or commercial interests. Investors should be aware that there is a possibility that the Group could become involved in a claim alleging that it and others have acted to damage a competitor's commercial interests.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Investment risks

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control.

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general business, political, social and economic conditions; variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Group or its competitors; acquisitions or joint ventures entered into by any of the Group's companies; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Group, the Ordinary Shares will rank behind any liabilities of the Group and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet the prior entitlements of creditors.

Future sales of Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing shareholders were to sell, or if the Group was to issue a substantial number of shares in the market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to sell equity securities in the future at a time and price that it deems appropriate.

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

The Group does not currently intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Board and Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability or profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Further issues of Ordinary Shares may be dilutive

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Group, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Group may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further ordinary Shares under a pre-emptive offer, existing Shareholders' proportionate ownership interest in the Group will be diluted. In addition, a further issue of Ordinary Shares by the Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of those Shareholders that do not participate in that additional issue.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Valuation of Ordinary Shares

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Group and may not relate to the Group's net asset value, net worth, or any established criteria or value. Although application has been made for the Ordinary shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted or transferred, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

Market perception

Market perception of the Group and/or the Group may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

The Ordinary Shares will not be admitted to the Official List

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

PART III

FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT

FINANCIAL INFORMATION AND ACCOUNTANT'S REPORT ON CT AUTOMOTIVE GROUP PLC

The Directors,
CT Automotive Group plc
1000 Lakeside North Harbour
Western Road
Portsmouth
PO6 3EN

16 December 2021

Dear Sirs

Accountant's report on the Historic Financial Information of CT Automotive Group plc (the "Company")

Introduction

We report on the historic financial information set out in Section B of Part III (the "Financial Information") relating to CT Automotive Group plc (previously "CT Automotive Group Limited" after the re-registration as a public limited company on 24 November 2021) and its subsidiaries ("the Group"). This information has been prepared for inclusion in the AIM admission document dated 16 December 2021 (the "Admission Document") relating to the proposed admission to AIM of CT Automotive Group plc on the basis of the accounting policies set out in note 1. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

Responsibility

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the UK.

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume 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 Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for 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 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.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of 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.

Conclusions relating to going concern

In auditing the Financial Information, we have concluded that the director's use of the going concern basis of accounting in the preparation of the Financial Information is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Opinion

In our opinion, the Financial Information in Section B of Part III gives, for the purpose of the Admission Document dated 16 December 2021, a true and fair view of the state of affairs of the Group as at 31 December 2020, 31 December 2019 and 31 December 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare we have taken all reasonable care to ensure 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 Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

PKF Littlejohn LLP
Reporting Accountant

SECTION B: HISTORICAL FINANCIAL INFORMATION

CT Automotive Group plc

Consolidated statement of profit or loss and other comprehensive income

	Note	*2020* *$'000*	*2019* *$'000*	*2018* *$'000*
Revenue	1,3	109,899	113,215	115,993
Cost of sales		(87,752)	(83,562)	(78,608)
Gross profit		22,147	29,653	37,385
Distribution expenses		(4,814)	(3,012)	(2,162)
Other operating income	4	942	340	574
Administrative expenses		(22,600)	(21,648)	(23,430)
Operating profit/(loss)		(4,325)	5,333	12,367
Financial expenses	5	(3,979)	(4,974)	(3,894)
Share of post-tax losses of equity accounted associates		(574)	–	–
Profit/(loss) before tax		(8,878)	359	8,473
Taxation	8	1,082	(296)	(538)
Profit/(loss) for the year		(7,796)	63	7,935
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations		703	264	(820)
Other comprehensive income for the year, net of income tax		703	264	(820)
Total comprehensive income/(loss) for the year		(7,093)	327	7,115
(Loss)/earnings per share from continuing operations ($)		(59.06)	0.48	60.11

The notes on pages 57 to 90 form part of this Financial Information.

Consolidated Statement of Financial Position

	Note	2020 $'000	2019 $'000	2018 $'000
Non-current assets				
Property, plant and equipment	9	9,584	9,696	10,766
Intangible assets	11	545	741	545
Goodwill	11	2,417	2,417	2,368
Right of use assets	10	7,549	8,814	–
Deferred tax assets	13	308	–	–
Investments in equity-accounted associates	14	1,443	–	–
		21,846	21,668	13,679
Current assets				
Inventories	15	41,054	36,393	27,012
Tax receivable		1,417	556	–
Trade and other receivables	16	44,626	45,244	38,916
Cash and cash equivalents		2,156	3,240	5,652
		89,253	85,433	71,580
Total assets		111,099	107,101	85,259
Current liabilities				
Other interest-bearing loans and borrowings	17	(37,121)	(41,547)	(25,578)
Trade and other payables	18	(51,942)	(50,270)	(38,797)
Tax payable		(778)	(1,857)	(844)
Lease liabilities		(2,683)	(2,529)	–
		(92,524)	(96,203)	(65,219)
Non-current liabilities				
Other interest-bearing loans and borrowings	17	(22,963)	(6,734)	(22,429)
Provisions	19	–	(285)	(29)
Lease liabilities	10	(5,493)	(6,643)	–
Deferred tax liabilities	13	–	(24)	(65)
		(28,456)	(13,686)	(22,523)
Total liabilities		(120,980)	(109,889)	(87,742)
Net liabilities		(9,881)	(2,788)	(2,483)
Equity attributable to equity holders of the parent				
Share capital	20	132	132	132
Translation reserve	20	300	(403)	(667)
Merger reserve	20	(35,812)	(35,812)	(35,812)
Retained earnings	20	25,499	33,295	33,864
Total equity		(9,881)	(2,788)	(2,483)

The notes on pages 57 to 90 form part of this Financial Information.

Consolidated statement of changes in equity

	Share capital $'000	*Translation reserve $'000*	*Retained earnings $'000*	*Merger reserve $'000*	*Total equity $'000*
Balance at 1 January 2018	132	153	25,929	(35,812)	(9,598)
Total comprehensive income for 2018					
Profit for the year	–	–	7,935	–	7,935
Other comprehensive income/(loss)	–	(820)	–	–	(820)
Total comprehensive income for the period	–	(820)	7,935	–	7,115
Balance at 31 December 2018	132	(667)	33,864	(35,812)	(2,483)
Effect of adoption of IFRIC 23	–	–	(632)	–	(632)
1 January 2019	132	(667)	33,232	(35,812)	(3,115)
Total comprehensive income for the year					
Profit for the year	–	–	63	–	63
Other comprehensive income/(loss)	–	264	–	–	264
Total comprehensive income for the year	–	264	63	–	586
Balance at 31 December 2019	132	(403)	33,295	(35,812)	(2,788)
1 January 2019	132	(403)	33,295	(35,812)	(2,788)
Total comprehensive income for the year					
Loss for the year	–	–	(7,796)	–	(7,796)
Other comprehensive income/(loss)	–	703	–	–	703
Total comprehensive income for the year	–	703	(7,796)	–	(7,093)
Balance at 31 December 2019	132	(300)	25,499	(35,812)	(9,881)

The notes on pages 57 to 90 form part of this Financial Information.

Consolidated statement of cash flows

	2020 $'000	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit/(loss) for the year	(7,796)	63	7,935
Adjustments for:			
Depreciation, amortisation and impairment	4,506	4,558	1,805
Financial expense	3,979	4,974	3,894
Loss on sale of property, plant and equipment	435	740	780
Taxation	(1,082)	296	538
Share of post-tax losses of equity accounted associates	574	–	–
	616	10,631	14,952
(Increase)/decrease in trade and other receivables	618	(6,327)	(5,594)
(Increase) in inventories	(4,661)	(9,381)	(4,086)
Increase in trade and other payables	1,672	11,448	7,460
Increase/(decrease) in provisions	(285)	256	–
	(2,040)	6,627	12,732
Tax paid	(1,190)	(513)	(152)
Net cash from operating activities	(3,230)	6,114	12,580
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,595)	(1,446)	(3,240)
Purchase of investments	(2,017)	–	–
Purchase of other intangible assets	(76)	(570)	(537)
Net cash from investing activities	(3,688)	(2,016)	(3,777)
Cash flows from financing activities			
New loan advances	11,567	16,604	–
Principal repayment of IFRS 16 lease liabilities	(2,597)	(2,544)	–
Repayment of loan notes	–	(13,204)	–
Repayment of bridging loan	–	(5,000)	5,000
Interest paid	(2,688)	(3,481)	(3,110)
Repayment of borrowings	(2,585)	(1,808)	(8,026)
Repayment of finance lease liabilities	(195)	(291)	(361)
Acquisition of new finance lease	349	–	–
Net cash from financing activities	3,851	(9,724)	(6,497)
Net (decrease) in cash and cash equivalents	(3,067)	(5,626)	2,306
Cash and cash equivalents at beginning of year	(168)	5,439	3,289
Effect of exchange rate fluctuations on cash held	558	19	(156)
Cash and cash equivalents at end of year (refer to note 21)	(2,677)	(168)	5,439

The notes on pages 57 to 90 form part of this Financial Information.

1. Accounting policies

Introduction

CT Automotive Group plc (the "Company") is a public company incorporated, domiciled and registered in England in the UK. The registered number is 10451211 and the registered address and principal place of business is 1000 Lakeside North Harbour, Western Road, Portsmouth, PO6 3EN. The Company, previously known as CT Automotive Group Limited, was successfully re-registered as a public limited company on 24 November 2021.

The Company's functional and reporting currency is USD, the Director elected to set the Company up in this way due to the international nature of the Group and overall reliance on USD; the Group revenue is predominantly received in USD and key long term financing instruments, as well as working capital facilities, are also predominantly denominated in USD.

The Financial Information consolidates the Company and its subsidiaries (together referred to as the "Group").

The Group Financial Information has been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial information has also been prepared in accordance with IFRSs issued by the International Accounting Standards Board (IASB) as adopted by the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the consolidated Financial Information.

There are no judgements or estimates that are deemed to have a significant effect on the Financial Information.

In preparing the Financial Information, the Group has not applied any new IFRS standards which have been issued but are not yet effective since.

Measurement convention

The Financial Information is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

After making enquiries, monitoring the year-to-date performance against budget in 2021 and performing additional stress testing, CT Automotive Group plc is expected to remain in a strong financial position during the forecast period. The Group is confident of being able to trade for a period of at least 12 months from the approval of the Financial Information and the Directors has therefore concluded that it is appropriate for the Financial Information to be prepared on the going concern basis.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Information of subsidiaries is included in the consolidated Financial Information from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the Profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency US Dollars at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these Financial Information for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit or loss. The Group utilises derivatives consisting of exchange contracts to reduce foreign currency risk.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Assets under construction	–	not depreciated
Plant and equipment	–	2–5 years straight line
Moulds and tooling	–	2–5 years straight line
Furniture, fixtures and equipment	–	2–5 years straight line
Motor vehicles	–	2–5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Any property, plant and equipment held by the Group deemed to be under a finance lease is recognised in line with IFRS 16. The accounting policy on 'Leases' details the accounting treatment applied.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful life is as follows:

Software – 1–5 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is the value that would arise on sale of stock in the normal course of business, minus a reasonable estimation of selling costs.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.

When assessing the credit risk of receivables, the Group has applied a definition of default being when receivables are over 180 days overdue and based on management's knowledge and experience of the customer base, the probability of collection is considered unlikely. The Group writes off receivables which are considered to be in default as per the above definition. Even once items have been written off, if they are still legally due, enforcement action will continue to collect the receivable.

There has been no modification of contractual cash flows on financial assets.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investor's interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

All automotive products are sold with a warranty which mirrors the warranty offered by the OEM to consumers.

Due to the thorough quality checking that is undertaken by the customers during assembly, and the low risk nature of the products, it is company's policy to only hold a small provision for warranty claims. This is supported by the historically low value of warranty claims in the past few years which the Director does not consider to be material.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Sale of goods and provision of services*

Serial production goods are recognised as sold when control is passed to the customer, which depending on the incoterms (a series of pre-defined commercial terms published by the International Chamber of Commerce relating to international commercial law) can be when they are delivered to the customer site or when the customer collects them.

Tooling and the provision of associated services is recognised at the point that the contract is satisfied and control is passed to the customer.

Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Determining the transaction price
The Group's revenue is derived from fixed price contracts and therefore the amount of revenue earned from each contract is determined by reference to those fixed prices. There is no variable consideration in these contracts.

Allocating the transaction price to performance obligations
The Group's revenue contracts specify a fixed unit price for each product sold. Therefore there is no judgement involved in allocating the contract price to each unit under these contracts.

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

Government grants

Government grants are recognised on the accrual basis and any performance requirements are disclosed as required. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

During the year, income received from the Coronavirus Job Retention Scheme and similar support in China and Turkey has been accounted for in accordance with the above.

Expenses

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, and finance leases recognised in the profit or loss using the effective interest method, unwinding of the discount on provisions that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested and dividend income.

Interest income and interest payable are recognised in the profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Taxation

IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23) was adopted on 1 January 2019 without restatement of comparative figures. The Group elected to apply IFRIC 23 retrospectively with the cumulative effect recorded in retained earnings as at the date of initial application, 1 January 2019. The adoption of IFRIC 23 resulted in a $632,000 increase in corporate tax liabilities. The impact of the increase in corporate tax liabilities was recorded in retained earnings.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Cost of sales

Cost of sales are the direct costs of producing the goods sold by the Group. This includes all material and direct labour costs.

Administrative expenses

Administrative expenses are other indirect expenses incurred, including management and administration costs.

Distribution expenses

Distribution expenses are the costs incurred in transporting goods to customers.

Leases

IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 January 2019.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all of the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers, how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

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

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

These other leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

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

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and

- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset;

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experiences may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

In preparing the Financial Information, the Directors made the following judgements:

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities and the corresponding right-of-use assets.

To determine the incremental borrowing rate, the Group uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

The Group used an incremental borrowing rate of from 3.25% to 32.5% depending on the specifics of the lease, particularly based on which country the underlying asset is based in.

Associate accounting

Where the Group holds between 20% – 50% voting rights in an investment, the Group is presumed to have the power to exercise significant influence. Such an investment is treated as an associate. More information is disclosed in note 14.

Other key sources of estimation uncertainty:

Useful lives of fixed assets

Depreciation is provided to write down the assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives change then depreciation charges and carrying value of fixed assets in the Financial Information would change accordingly.

Stock provision

A stock provision is made when the recoverable value is lower than the carrying value of stock, which requires management's judgement as to whether stock is valued at the lower of cost or net realisable value.

Serial production revenue

Serial production revenue is recognised when control of the sold goods is deemed to have transferred to the customer. There is little judgement needed in identifying the point that control passes; once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, has a present right to payment and retains none of the significant risks and rewards of ownership.

Transaction prices are derived by fixed price contracts, with prices set for each unit. Therefore, no judgement is required for determining the transaction price or allocating this to performance obligations.

Tooling revenue

Tooling revenue is recognised at the point that contracts have been satisfied and control is passed to the customer. Judgement is required to determine the point at which the Group has completed all obligations and the customer has accepted the completed tooling.

Transaction prices are derived by fixed price contracts, with prices for tooling machinery. Therefore, no judgement is required for determining the transaction price or allocating this to performance obligations.

3. Revenue

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Disaggregation of revenue			
An analysis of turnover by type is given below:			
Sale of parts	87,469	100,736	98,876
Sale of tooling (including design and development)	22,430	12,479	17,117
Total revenues	109,899	113,215	115,993

An analysis of turnover by geographical market is given within Note 6.

All revenue is derived from goods transferred at a point in time.

Contract balances

The following table provides information about significant changes during the year in contract assets and contract liabilities from contracts with customers:

	Contract assets *$'000*	*Contract liabilities* *$'000*
Balance as at 1 January 2020	–	(12,501)
Revenue recognised that was included in contract liabilities at the beginning of the year	–	20,853
Increases due to cash received, excluding amounts recognised as revenue during the year	–	(16,462)
Movements due to foreign exchange	–	(226)
Balance as at 31 December 2020	–	(8,336)

The contract liabilities included within trade and other payables primarily relate to the advance consideration received from customers on tooling projects.

The deferred revenue and contract liabilities are recognised in the profit and loss account when the performance obligations of each contract are satisfied which is deemed to be upon completion of the tooling projects when the risks and rewards of ownership for the tools is passed to the customer. As such, the Group does not recognise revenue on any partially satisfied performance obligations.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2021 *$'000*	*2022* *$'000*	*Total* *$'000*
Tooling projects	19,423	–	19,423

No consideration from contracts with customers is excluded from the amounts presented above.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

The Group may pay engineering rebates to customers upon completion of tooling projects. As such, these amounts are recognised as an additional expense at the point of recognising the revenue. This approach remains unchanged from the Group's policies prior to adopting IFRS 15.

4. Other operating income

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Government grants	859	–	–
Interest received from bank balances	26	–	–
Other income	57	340	574
	942	340	574

The government grant income relates to government support designed to help businesses during the COVID-19 pandemic (e.g. The UK government's Coronavirus Job Retention Scheme and similar support in China and Turkey).

5. Expenses and auditors' remuneration

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Included in profit/loss are the following:			
Finance Expenses note			
Bank charges	764	579	336
Interest on bank loans and borrowings	1,919	2,360	1,773
Interest on lease liabilities	604	715	–
Loan note interest	692	1,320	1,882
Fair value loan adjustment	–	–	(97)
	3,979	4,974	3,894
Operating profit is stated after charging:			
Amortisation	290	369	257
Depreciation	1,974	1,998	1,548
Foreign exchange	2,478	2,192	1,038
Amortisation of lease right-of-use assets	2,242	2,191	–
Operating lease charges	50	120	1,331
Cost of inventories	44,638	43,852	58,901
Auditor's remuneration			
Audit of statutory financial statements	81	70	89
Audit of financial statements of subsidiaries of the company	187	186	192
Audit-related assurance services	4	4	6
Taxation compliance services	–	–	14
Other tax advisory services	–	–	12
Transaction services	–	–	20

6. Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the management team including the Chief Executive Officer and Chief Financial Officer. The segmental analysis is based on the information that the management team uses internally for the purpose of evaluating the performance of operating segments and determining resource allocation between segments.

The Group has 3 strategic divisions which are its reportable segments.

The Group has the below main divisions:

(1) Tooling – Design, development and sale of tooling for the automotive industry.

(2) Production – Manufacturing and distribution of serial production kinematic interior parts for the automotive industry.

(3) Head office – Head office functions managing group financing and capital management.

The Group evaluates segmental performance on the basis of revenue and profit or loss from operations calculated in accordance with IFRS.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently in the current and prior year.

2020

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Revenue				
Total revenue	29,770	155,866	–	185,636
Inter-segmental revenue	(7,340)	(68,397)	–	(75,737)
Total revenue from customers	22,430	87,469	–	109,899
Depreciation	–	(4,216)	–	(4,216)
Amortisation	–	(290)	–	(290)
Interest expense	(41)	(2,050)	(1,888)	(3,979)
Segment Profit/(Loss)	4,760	(7,490)	(5,574)	(8,304)
Share of post-tax of equity accounted associates				(574)
Group Profit/(Loss) before tax				(8,878)

2020

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Additions to non-current assets	–	1,666	–	1,666
Reporting segment assets	10,642	98,174	840	109,656
Investment in associates				1,443
Total group assets				111,099
Reportable segment liabilities	6,201	76,695	38,084	120,980

2019

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Revenue				
Total revenue	22,771	169,572	–	192,343
Inter-segmental revenue	(10,292)	(68,836)	–	(79,128)
Total revenue from customers	12,479	100,736	–	113,215
Depreciation	–	(4,189)	–	(4,189)
Amortisation	–	(369)	–	(369)
Interest expense	(80)	(2,259)	(2,635)	(4,974)
Segment Profit/(Loss)	(1,341)	8,876	(7,176)	359
Share of post-tax of equity accounted associates				–
Group Profit/(Loss) before tax				359

2019

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Additions to non-current assets	–	1,605	417	2,022
Reporting segment assets	20,408	85,496	1,197	107,101
Investment in associates				–
Total group assets				107,101
Reportable segment liabilities	7,141	57,228	45,520	109,889

2018

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Revenue				
Total revenue	26,544	170,402	–	196,946
Inter-segmental revenue	(9,427)	(71,526)	–	(80,953)
Total revenue from customers	17,117	98,876	–	115,993
Depreciation	–	(1,548)	–	(1,548)
Amortisation	–	(257)	–	(257)
Interest expense	(163)	(1,322)	(2,409)	(3,894)
Segment Profit/(Loss)	6,308	7,465	(5,300)	8,473
Share of post-tax of equity accounted associates				–
Group Profit/(Loss) before tax				8,473

2018

	Tooling $'000	Production $'000	Head office $'000	Total $'000
Additions to non-current assets	431	3,476	–	3,907
Reporting segment assets	21,674	60,663	2,922	85,259
Investment in associates				–
Total group assets				85,259
Reportable segment liabilities	10,664	43,620	33,458	87,742

	External revenue by location of customers			*Non-current assets by location of assets*		
	2020 $'000	*2019 $'000*	*2018 $'000*	*2020 $'000*	*2019 $'000*	*2018 $'000*
UK	20,022	34,037	37,860	626	722	697
US	19,278	27,654	26,593	8	23	21
China	30,823	8,709	12,301	8,258	8,604	9,544
Turkey	8,156	9,450	5,325	840	1,088	1,049
Czech Republic	18,850	14,345	9,491	397	–	–
Brazil	3,301	3,066	3,400	–	–	–
Spain	7,369	12,890	6,777	–	–	–
Thailand	1,661	2,083	1,826	–	–	–
Other	439	981	12,420	–	–	–
	109,899	113,215	115,993	10,129	10,437	11,311

Due to the nature of the automotive industry becoming increasingly consolidated with mergers, acquisitions and strategic alliances, the number of customers under separate control is decreasing whilst the size of such customers is increasing.

	2020	*2019*	*2018*
Analysis of concentration of customers, top 3 and others:			
Customer 1	31%	38%	40%
Customer 2	22%	25%	26%
Customer 3	12%	14%	16%
Other	35%	23%	18%
	100%	100%	100%

In 2020 the Group had 3 major customers representing \$33.6m (31%), \$24.6m (22%) and \$12.6m (12%) of Group revenue.

In 2019 the Group had 3 major customers representing \$42.9m (38%), \$28.5m (25%) and \$16.3m (14%) of Group revenue.

In 2018 the Group had 3 major customers representing \$46.4m (40%), \$30.2m (26%) and \$18.6m (16%) of Group revenue.

7. Staff numbers and costs

The average number of persons employed by the Group (including the Director) during the year, analysed by category, was as follows:

	2020 *Number*	*2019* *Number*	*2018* *Number*
Production staff	2,165	2,357	2,337
Management and administration staff	533	492	331
	2,698	2,849	2,668

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Wages and salaries	25,153	27,763	23,055
Social security costs	769	620	615
Contributions to defined contribution plans	58	74	59
	25,980	28,457	23,729

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the company.

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Key management remuneration including social security costs	877	633	609
Company contributions to money purchase pension plans	4	3	2
	881	636	611

Director's remuneration

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Director's remuneration	122	127	125
Company contributions to money purchase pension plans	4	3	2
	126	130	127

Retirement benefits were accruing to 1 director in the year (2019: 1 and 2018: 1) under money purchase schemes.

8. Taxation

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Recognised in the income statement			
Current tax expense			
Current year (Including carry back of losses)	(750)	943	569
Adjustments for prior periods	–	(606)	(33)
Current tax expense	(750)	337	536
Deferred tax expense			
Origination and reversal of temporary differences	(332)	(42)	2
Recognition of previously unrecognised tax losses	–	1	–
Deferred tax expense/(credit)	(332)	(41)	2
Total tax expense/(credit)	(1,082)	296	538

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Reconciliation of effective tax rate			
Profit/(loss) for the year	(7,796)	63	7,935
Total tax charge	(1,082)	296	538
Profit/(loss) excluding taxation	(8,878)	359	8,743
Tax using the UK corporation tax rate of 19% (2019 – 19% and 2018 – 19%)	(1,687)	68	1,610
Effect of tax rates in foreign jurisdictions	88	37	(1,235)
Non-taxable income	–	(679)	(515)
Non-deductible expenses	559	551	422
Adjustments for prior periods	–	(606)	(33)
Tax rate changes	8	–	–
Audit adjustments to be taxed next year	–	32	–
Other differences	–	(187)	57
Movement in unrecognised deferred tax	(50)	1,080	232
Total tax charge	(1,082)	296	538

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

9. Property, plant and equipment

	Plant and equipment $'000	*Fixtures and fittings $'000*	*Under construction $'000*	*Motor vehicles $'000*	*Total $'000*
Cost					
Balance at 1 January 2018	13,443	2,627	744	37	16,851
Additions	2,052	448	881	–	3,380
Disposals	(1,110)	(70)	–	–	(1,180)
Re-classifications	433	–	(433)	–	–
Effect of movements in foreign exchange	(680)	(224)	–	(1)	(905)
Balance at 31 December 2018	14,138	2,781	1,192	36	18,147
Balance at 1 January 2019	14,138	2,781	1,192	36	18,147
Additions	1,048	305	93	–	1,446
Disposals	(739)	(206)	–	–	(945)
Re-classifications	1,169	–	(1,169)	–	–
Effect of movements in foreign exchange	(277)	(56)	(23)	–	356
Balance at 31 December 2019	15,339	2,824	93	36	18,292
Balance at 1 January 2020	15,339	2,824	93	36	18,292
Additions	1,168	422	–	–	1,590
Disposals	(859)	(13)	–	–	(872)
Re-classifications	93	–	(93)	–	–
Effect of movements in foreign exchange	946	90	–	2	1,038
Balance at 31 December 2020	16,687	3,323	–	38	20,048
Depreciation					
Balance at 1 January 2018	5,343	1,161	–	36	6,540
Depreciation charge for the year	1,306	242	–	–	1,548
Disposals	(338)	(62)	–	–	(400)
Effect of movements in foreign exchange	(223)	(84)	–	–	(307)
Balance at 31 December 2018	6,088	1,257	–	36	7,381
Balance at 1 January 2019	6,088	1,257	–	36	7,381
Depreciation charge for the year	1,700	298	–	–	1,998
Disposals	(197)	(8)	–	–	(205)
Effect of movements in foreign exchange	(562)	(16)	–	–	(578)
Balance at 31 December 2019	7,029	1,531	–	36	8,596

	Plant and equipment $'000	Fixtures and fittings $'000	Under construction $'000	Motor vehicles $'000	Total $'000
Balance at 1 January 2020	7,029	1,531	–	36	8,596
Depreciation charge for the year	1,579	394	–	1	1,974
Disposals	(347)	(90)	–	–	(437)
Effect of movements in foreign exchange	310	20	–	1	331
Balance at 31 December 2020	8,571	1,855	–	38	10,464
Net book value					
At 31 December 2018	8,050	1,524	1,192	–	10,766
At 31 December 2019	8,310	1,293	93	–	9,696
At 31 December 2020	8,116	1,468	–	–	9,584

Security

As at 31 December 2020, property, plant and equipment with a carrying value of $9,584,000 (2019 – $9,696,000 and 2018 – $10,766,000) was pledged as security for bank loans.

10. Leases

The treatment of leases within the scope of IFRS 16 is disclosed in the accounting policies (Note 1).

The Company leases buildings and machinery where payments are fixed until the contracts expire. There is no variability in respect of payments and there is not considered to be any significant judgement in relation to the lease terms.

The Group has applied the IFRS 16 practical expedient relating to short-term leases. The expense recognised in relation to short-term leases in the profit and loss was $50,000 (2020: $120,000).

Right of use assets

	Land and buildings $'000	Plant and machinery $'000	Total $'000
At 1 January 2020	8,729	85	8,814
Additions	816	225	1,041
Disposal	(82)	–	(82)
Amortisation	(2,166)	(76)	(2,242)
Foreign exchange movement	9	9	18
At 31 December 2020	7,306	243	7,549

Lease liabilities

	Land and buildings $'000	*Plant and machinery $'000*	*Total $'000*
At 1 January 2020	9,084	88	9,172
Additions	816	225	1,041
Disposal	(87)	–	(87)
Interest expense	589	10	599
Foreign exchange movement	42	6	48
Repayments	(2,528)	(69)	(2,597)
At 31 December 2020	7,916	260	8,176

The maturity profile of the lease liabilities is as follows:

	2020 $'000	*2019 $'000*	*2018 $'000*
Under 1 year	2,683	2,529	–
1–2 years	1,666	2,112	–
2–5 years	2,459	2,896	–
More than 5 years	1,368	1,635	–
	8,176	9,172	–

11. Intangible assets

	Software $'000	*Goodwill $'000*	*Total $'000*
Cost			
Balance at 1 January 2018	575	2,441	3,016
Additions	527	–	527
Effect of movements in foreign exchange	(91)	(73)	(164)
Balance at 31 December 2018 and 1 January 2019	1,011	2,368	3,379
Additions	576	–	576
Effect of movements in foreign exchange	(15)	49	34
Balance at 31 December 2019 and 1 January 2020	1,572	2,417	3,989
Additions	76	–	76
Effect of movements in foreign exchange	58	–	58
Balance at 31 December 2020	1,706	2,417	4,123
Amortisation and impairment			
Balance at 1 January 2018	272	–	272
Amortisation for the year	257	–	257
Effect of movements in foreign exchange	(63)	–	(63)
Balance at 31 December 2018 and 1 January 2019	466	–	466
Amortisation for the year	369	–	369
Effect of movements in foreign exchange	(4)	–	(4)
Balance at 31 December 2019 and 1 January 2020	831	–	831
Amortisation for the year	290	–	290
Effect of movements in foreign exchange	40	–	40
Balance at 31 December 2020	1,161	–	1,161

	Software $'000	Goodwill $'000	Total $'000
Net book value			
At 31 December 2018	545	2,368	2,913
At 31 December 2019	741	2,417	3,158
At 31 December 2020	545	2,417	2,962

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	2020 $'000	2019 $'000	2018 $'000
Administrative expenses	290	369	257

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

		Goodwill	
	2020 $'000	2019 $'000	2018 $'000
Chinatool UK Limited	1,259	1,259	1,250
IMS/Chinatool JV, LLC	1,158	1,158	1,118

The recoverable amount of Chinatool UK Limited has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2020 $'000	2019 $'000	2018 $'000
Period on which management approved forecasts are based	3 years	3 years	3 years
Growth rate applied beyond approved forecast period	3%	3%	3%
Discount rate	11%	11%	11%

The recoverable amount of IMS/Chinatool JV, LLC has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2020 $'000	2019 $'000	2018 $'000
Period on which management approved forecasts are based	3 years	3 years	3 years
Growth rate applied beyond approved forecast period	3%	3%	3%
Discount rate	12%	12%	12%

When reviewing the outputs of the impairment testing and performing sensitivity analysis, both Chinatool UK Limited and IMS/Chinatool JV, LLC show considerable headroom and are not sensitive to even significant changes in any of the key assumptions. A 1 to 2 per cent. change on the growth and discount rate would not have a material impact to the headroom.

Management's approach to determining the values assigned to key assumptions

Period on which management approved forecasts are based

3 years is considered appropriate as this reflects a typical period over which the existing long term production contracts extend over.

Growth rate applied beyond approved forecast period

The growth rates used in the value in use calculation reflect the average industry growth rate.

Discount rate

The discount rates chosen are considered to be a prudent cost of capital for each trading entity reviewed.

12. Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

Company name	*Registered office/ Country of Incorporation*	*Class of shares held*	*Ownership 2020*	*2019*	*2018*
China Tool Projects UK Limited[1]	Rooms 2102-3 China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong	Ord	100%	100%	100%
Chinatool Mould Systems Limited[1]	Rooms 2101-3 China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong	Ord	100%	100%	100%
Chinatool UK Limited[2]	3000a Parkway Whiteley Hampshire PO15 7FX, United Kingdom	Ord	100%	100%	100%
Chinatool Automotive Systems Limited[2]	3000a Parkway Whiteley Hampshire PO15 7FX United Kingdom	Ord	100%	100%	100%
Chinatool Otomotiv Sanayi Tic. Limited Sti.[2]	Plastikçiler Organize Sanayi Bölgesi GEPOSB 9.cadde 92.Sok. N:5 Gebze KOCAELI Turkey	Ord	100%	100%	100%
IMS/Chinatool JV, LLC[2]	17199 N. Laurel Park Drive, Ste. 412 Livonia, MI 48152 USA	Ord	100%	100%	100%
Chinatool Automotive Mould Systems Limited (英華利汽車模具系統(深圳)有限公司*)[3]	No. 6 Building Hua Yisheng Ids Park, No.4 Industrial Zone, FuYong Town, Bao'an District, ShenZhen, China	Ord	100%	100%	100%
Chinatool Automotive Components Co. Limited (英華利汽車零部件(贛卅)有限公司*)[2]	No. 16 Standard Factory, Phase 2 Hong Kong Industrial Park, Ganzhou city Ganzhou Development Zone, Jiangxi Provence China	Ord	100%	100%	100%
Ct Automotive CZ s.r.o.[4]	Czech Republic	Ord	100%	100%	–
Yinghuali Automotive Interiors Private Limited[1]	India	Ord	100%	100%	–

* These are all PRC limited companies. The English translation of the Company named is for reference only. The official names of these companies are in Chinese.

1 The principal activity of this entity is the design, development and sale of tooling for the automotive industry.

2 The principal activity of this entity is the manufacture and distribution of kinematic interior parts for the automotive industry.

3 The principal activity of this entity is both the development of tooling and the manufacture and distribution of kinematic interior parts, both for the automotive industry.

4 Dormant.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities/ (Assets) 2020 $'000	*Liabilities 2019 $'000*	*Liabilities 2018 $'000*
Property, plant and equipment	(308)	24	65
Tax (assets)/liabilities	(308)	24	65
Net tax (assets)/liabilities	(308)	24	65

Movement in deferred tax during the year

	1 January 2020 $'000	*Recognised in income $'000*	*31 December 2020 $'000*
Property, plant and equipment	(24)	332	308

Movement in deferred tax during the prior period

	1 January 2019 $'000	*Recognised in income $'000*	*31 December 2019 $'000*
Property, plant and equipment	(65)	41	(24)

Movement in deferred tax during the prior period

	1 January 2018 $'000	*Recognised in income $'000*	*31 December 2018 $'000*
Property, plant and equipment	(63)	(2)	(65)

14. Investments in equity-accounted associates

The following entities have been included in the consolidated Financial Information using the equity method:

Name	*Country of incorporation And Principal place of business*	*Proportion of ownership Interest held as at 31 December 2020*
Scomadi (Thailand) Co. Ltd	Thailand	27.81%
Scomadi Asia Pacific Co. Ltd	Thailand	27.81%
Marin Engineering Co. Ltd	Thailand	25%

The primary business of these entities is the design, manufacture and marketing of motorised scooters.

(a) ***Summarised financial information (material associates)***

Marin Engineering Co. Ltd

	2020
	$'000
As at 31 December	
Current assets	5,104
Non-current assets	2,316
Current liabilities	(9,181)
Non-current liabilities	(3,279)
Net assets (100%)	(5,040)
Group share of net assets (25%)	(1,260)
Year ended 31 December	
Revenues	1,303
Loss for the year	1,623

(b) ***Summarised financial information (immaterial associates)***

As at Year ended 31 December	
Loss for the year	451

15. Inventories

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Raw materials and consumables	8,548	5,777	4,387
Work in progress	11,884	11,594	9,866
Finished goods	20,622	19,022	12,759
	41,054	36,393	27,012

16. Trade and other receivables

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Trade receivables	27,576	20,839	20,512
Other debtors	1,112	920	1,861
Loan receivables	543	910	555
	29,231	22,669	22,928
Prepayments	15,395	22,575	15,988
Total trade and other receivables	44,626	45,244	38,916

Included within trade and other receivables is $Nil (2019 – $Nil and 2018 – $Nil) expected to be recovered in more than 12 months.

Receivables due from related parties are loans and balances due from shareholders of $Nil (2019 – $710,000 and 2018 – $530,000) and related parties of $543,000 (2019 – $345,000 and 2018 – $25,000). The loan receivables from related parties are due from Automotive Kinetic Systems Limited and iAQUA Limited, companies controlled by Simon Phillips, and are unsecured and interest-free with no specific term of repayment but repayable on demand. In the opinion of the Director, no provision is required to be made for these amounts at the end of the reporting period.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision to trade receivables. The expected loss rates are based on the Group's historical credit losses. Due to the nature of the Group's customers no credit loss provision has been made at year end (2019 – $Nil and 2018 – $Nil).

As at 31 December 2020 trade receivables of $3,641,000 (2019 – $5,936,000 and 2018 – $5,107,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Not past due	23,935	14,903	15,406
Past due 1-90 days	3,000	4,279	3,384
Past due more than 90 days	641	1,657	1,722
	27,576	20,839	20,512

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

17. Loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's and Company's exposure to interest rate and foreign currency risk, see note 21.

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
Non-current liabilities			
Secured bank loans	(15,385)	–	(3,083)
Loan notes	(7,426)	(6,734)	(19,346)
Non-current portion of finance lease liabilities	(152)	–	–
	(22,963)	(6,734)	(22,429)
Current liabilities			
Current portion of secured bank loans	(19,558)	(29,566)	(13,043)
Current portion of finance lease liabilities	(197)	(196)	(487)
Unsecure bank overdraft	(4,833)	(3,408)	(213)
Unsecured loans	–	–	(5,000)
Invoice finance	(12,533)	(8,377)	(6,835)
	(37,121)	(41,547)	(25,578)
	(60,084)	(48,281)	(48,007)

The secured bank loans are secured by a floating charge over the Group's property, plant and equipment.

The secured bank loans have been disclosed as repayable on demand, in accordance with the term loan agreement at the balance sheet date. Post year end, the bank has confirmed that the loan will continue to be repaid over the original terms.

The currency profile of the Group's loans and borrowings is as follows:

	2020 *$'000*	*2019* *$'000*	*2018* *$'000*
USD	50,687	41,612	43,722
HKD	–	196	486
GBP	381	7	142
EUR	8,668	6,466	3,657
RMB	348	–	–
	60,084	48,281	48,007

18. Trade and other payables

	2020 $'000	2019 $'000	2018 $'000
Current			
Trade payables	22,758	23,101	12,136
Non-trade payables and accrued expenses	12,749	11,965	10,501
Employee social security and taxes	3,221	971	278
Contract liabilities	8,336	12,501	8,050
Other payables	4,878	1,570	6,405
Provisions for losses on forward contracts	–	162	1,427
	51,942	50,270	38,797

Included within trade and other payables is $Nil (2019 – $Nil and 2018 – $Nil) expected to be settled in more than 12 months.

All trade and other payables other than provisions for losses on forward contracts (fair value through profit and loss) are classified as financial liabilities measured at amortised cost.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

19. Provisions

	Warranty provision $'000	*Deferred tax $'000*	*Total $'000*
Balance at 31 December 2019	285	24	309
Utilised in year	(262)	(24)	(286)
Released in year	(23)	–	(23)
Balance at 31 December 2020	–	–	–

The warranty provision relates to the estimated costs of any potential liability that may arise on parts supplied to customers. Based on historical sales, further cash outflows to compensate warranty claims are not considered probable.

20. Capital and reserves

	2020 $'000	*2019 $'000*	*2018 $'000*
Share capital			
Allotted, called up and fully paid			
Ordinary shares of £1 each	132	132	132
	132	132	132
Shares classified in shareholders' funds	132	132	132

The number of shares which have been authorised, issued and fully paid is 132,000 (2019: 132,000).

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Merger reserve

The merger reserve comprises of the consideration paid by the company when it acquired 100% of the share capital of China Tool Projects UK Limited on 6 April 2017, the former Group company. The transaction is not considered to be a business combination as the new top company formed is not considered a business under the definition in IFRS 3. Therefore, this transaction does not fall under the scope of IFRS 3 and book value accounting has been applied.

As a result, the consideration paid by the Company, being a combination of cash and the issue of Loan Notes, is now held in a Merger Reserve.

Retained earnings

Retained earnings represents all other net gains and losses not recognised elsewhere.

21. Financial instruments (Including cash and cash equivalents)

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Cash and cash equivalents	2,156	3,240	5,652
Unsecured bank overdraft	(4,833)	(3,408)	(213)
Cash and cash equivalents	(2,677)	(168)	5,439

Financial instruments

(a) ***Fair values of financial instruments***

Fair values

IFRS 13.93(b) requires an analysis of those financial instruments that are measured at fair value at the end of the year in a fair value hierarchy. In addition, IFRS 13.97 requires financial instruments not measured at fair value but for which fair value is disclosed to be analysed in the same fair value hierarchy.

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

The table below compares the carrying value of the Group's financial instruments with the fair value of those instruments at the Balance Sheet date, using the techniques described below. The table excludes those instruments where the carrying value of the financial instrument approximates to its fair value because the carrying value of the short maturity of those instruments. Consequently, no non derivative financial instruments which fall due within the next twelve months are included in this table.

All financial liabilities designated as fair value are valued based on level 2 inputs. All financial liabilities measured at amortised cost are valued based on level 3 inputs.

	Carrying amount 2020 $'000	*Level 2 2020 $'000*	*Level 3 2020 $'000*	*Carrying amount 2019 $'000*	*Level 2 2019 $'000*	*Level 3 2019 $'000*	*Carrying amount 2018 $'000*	*Level 2 2018 $'000*	*Level 3 2018 $'000*
Financial assets measured at amortised cost									
Trade and other receivables	29,146	–	29,146	22,669	–	22,669	22,928	–	22,928
Cash and cash equivalents	2,156	–	2,156	3,240	–	3,240	5,652	–	5,652
Total financial assets at amortised cost	31,302	–	31,302	25,909	–	25,909	28,580	–	28,580
Financial assets designated as fair value through profit or loss									
Gain on forex options	85	85	–	–	–	–	–	–	–
Total financial assets designated as fair value through profit or loss	31,387	85	31,302	–	–	–	–	–	–
Financial liabilities designated as fair value through profit or loss									
Provision for losses on forex options	–	–	–	162	162	–	1,427	1,427	–
Total financial liabilities at fair value through profit or loss	–	–	–	162	162	–	1,427	1,427	–
Financial liabilities measured at amortised cost									
Other interest-bearing loans and borrowings (note 17)	(60,084)	–	(60,084)	48,281	–	48,281	48,007	–	48,007
Lease liabilities	(8,176)	–	(8,176)	9,172	–	9,172	–	–	–
Trade and other creditors	(40,384)	–	(40,384)	36,636	–	36,636	29,042	–	29,042
Total financial liabilities measured at amortised cost	108,644	–	108,644	94,089	–	94,089	77,049	–	77,049
Total financial liabilities	108,644	–	108,644	94,251	162	94,089	79,903	1,427	78,476
Total financial instruments	(77,257)	85	(77,342)	(68,342)	(162)	(68,180)	(51,323)	(1,427)	(49,896)

Forex options are based on mark to market value provided by supplier. Within the figures for other interest-bearing loans and borrowings are financial instruments valued using net present value of future cash flows using a discount rate of 11%.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Market risk
- Liquidity risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Due to the nature of the Group's customers being established blue chip entities the risk and history of credit losses is typically minimal. As such, no general provisions for credit losses are made.

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Americas	3,915	4,589	5,972
Europe	14,357	12,389	10,658
Asia	9,119	3,606	3,496
Africa	186	255	386
	27,576	20,839	20,512

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 16.

(c) ***Liquidity risk***

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment and to capitalise on opportunities for business expansion. The Group manages liquidity risk by holding sufficient cash to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	31 December 2020						*31 December 2019*						*31 December 2018*					
	Carrying amount $'000	*Contractual cash flows $'000*	*1 year or less $'000*	*1 to <2 years $'000*	*2 to <5 years $'000*	*5 years and over $'000*	*Carrying amount $'000*	*Contractual cash flows $'000*	*1 year or less $'000*	*1 to <2 years $'000*	*2 to <5 years $'000*	*5 years and over $'000*	*Carrying amount $'000*	*Contractual cash flows $'000*	*1 year or less $'000*	*1 to <2 years $'000*	*2 to <5 years $'000*	*5 years and over $'000*
Non-derivative financial liabilities																		
Secured bank loans	34,943	35,382	19,714	9,109	6,559	–	29,566	31,910	17,088	5,617	9,205	–	16,126	16,472	13,339	3,133	–	–
Unsecured bank loans	–	–	–	–	–	–	–	–	–	–	–	–	5,000	5,500	5,500	–	–	–
Lease liabilities	8,176	8,176	2,683	1,666	2,459	1,368	9,172	9,172	2,529	2,112	2,896	1,635	487	487	487	–	–	–
Finance lease liabilities	348	348	197	151	–	–	–	–	–	–	–	–	487	487	487	–	–	–
Loan Notes	7,426	8,804	–	–	8,804	–	6,734	8,299	–	–	8,299	–	19,346	26,284	–	–	26,284	–
Bank overdrafts	4,833	4,833	4,833	–	–	–	3,408	3,408	3,408	–	–	–	213	213	213	–	–	–
Trade and other payables*	40,384	40,384	40,384	–	–	–	36,636	36,636	36,636	–	–	–	29,042	29,042	29,042	–	–	–
Invoice finance	12,533	12,533	12,533	–	–	–	8,377	8,377	8,377	–	–	–	6,835	6,835	6,835	–	–	–
	108,643	110,460	80,344	10,926	17,822	1,368	93,893	97,802	68,038	7,729	20,400	1,635	77,049	84,883	55,416	3,133	26,684	–

* Excludes derivatives. All derivative financial liabilities were due in 1 year or less in 2020, 2019 and 2018.

(d) ***Market risk***

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

In respect of working capital facilities, being invoice finance and trade loans, the facilities are designated in the currency of the funded asset, minimising the potential impact of movements in foreign exchange as any relative increase or decrease in relative value will impact both the asset and the associated liability.

The Group's structured debt, Term Loan and Loan Notes, are both designated in USD. USD was selected as it is the primary trading currency of the Group and therefore the debt is in the same currency as a large proportion of the Group's incoming revenue which is used to service and repay it.

The majority of the Group's debt is in USD, creating an exposure to movements in the USD base rate. The Director considers that the benefit of the debt being denominated in the Group's main trading currency outweighs the risk of this exposure. Rates are monitored monthly and the decision will be reviewed at the next renewal opportunity.

Market risk – Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

31 December 2020

	GBP *$'000*	*EUR* *$'000*	*RMB* *$'000*	*TL* *$'000*	*HKD* *$'000*	*INR* *$'000*	*CZK* *$'000*	*JPY* *$'000*	*Total* *$'000*
Cash and cash equivalents	270	122	385	79	5	24	–	36	922
Trade and other receivables	959	6,931	4,807	3,689	739	36	–	–	17,161
Secured bank loans	(8,190)	(4,281)	–	–	–	–	–	–	(12,471)
Trade and other payables	(3,829)	(1,876)	(27,155)	(774)	478	(1)	(1)	(16)	(34,130)
Forward exchange contracts	(53)	–	–	–	–	–	–	–	(53)
Balance sheet exposure	(10,843)	(896)	(21,963)	2,994	1,222	59	(1)	20	(28,571)
Net exposure	(10,843)	(896)	(21,963)	2,994	1,222	59	(1)	20	(28,571)

31 December 2019

	GBP *$'000*	*EUR* *$'000*	*RMB* *$'000*	*TL* *$'000*	*HKD* *$'000*	*CZK* *$'000*	*JPY* *$'000*	*Total* *$'000*
Cash and cash equivalents	(12)	782	311	28	2	–	48	1,159
Trade and other receivables	2,475	6,161	9,349	3,288	87	–	–	21,360
Secured bank loans	–	(3,196)	–	–	–	–	–	(3,196)
Trade and other payables	(9,586)	(7,971)	(27,767)	(1,369)	(223)	(2,377)	(312)	(49,605)
Forward exchange contracts	(162)	–	–	–	–	–	–	(162)
Balance sheet exposure	(7,285)	(4,224)	(18,107)	1,947	(134)	(2,377)	(264)	(30,444)
Net exposure	(7,285)	(4,224)	(18,107)	1,947	(134)	(2,377)	(264)	(30,444)

31 December 2018

	GBP	*EUR*	*RMB*	*TL*	*HKD*	*CZK*	*JPY*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cash and cash equivalents	62	810	597	4	5	–	2	1,480
Trade and other receivables	1,731	11,635	13,573	1,631	316	643	75	29,604
Secured bank loans	(142)	(3,657)	–	–	(486)	–	–	(4,285)
Trade and other payables	(4,731)	(5,441)	(20,528)	(182)	(1,119)	(1,045)	–	(33,046)
Forward exchange contracts	(1,427)	–	–	–	–	–	–	(1,427)
Balance sheet exposure	(4,507)	3,347	(6,358)	1,453	(1,284)	(402)	77	(7,674)
Net exposure	(4,507)	3,347	(6,358)	1,453	(1,284)	(402)	77	(7,674)

Sensitivity analysis

A 10 per cent. weakening of the following currencies against the US Dollar at 31 December 2020 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant.

A 10 percent strengthening of the above currencies against the US Dollar at 31 December 2020 would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	Profit or loss 2020 $'000	*Profit or loss 2019 $'000*	*Profit or loss 2018 $'000*
GBP	(1,084)	(6,458)	451
EUR	90	696	(335)
USD	–	–	–
RMB	(2,196)	(13,941)	636
TL	299	921	(145)
HKD	122	(1,223)	129
CZY	–	(406)	40
JPY	2	20	(8)
INR	–	45	–

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2020 $'000	*2019 $'000*	*2018 $'000*
Fixed rate instruments			
Financial liabilities	33,317	27,691	18,826
Variable rate instruments			
Financial liabilities	34,943	29,566	28,174

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 31 December 2019.

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Profit or loss			
Increase	349	500	265
Decrease	(349)	(500)	(265)

(e) ***Capital management***

The Group considers capital to comprise all components of equity (ie. share capital, translation reserve, merger reserve and retained earnings).

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

During 2019, the Group undertook a refinance, repaying the majority of management loan notes which were issued in 2017. These loan notes attracted a higher coupon than bank finance, so the objective of the refinance was to manage the Group's financial expenses.

22. Related parties

Transactions with key management personnel

The Director of the Company and his immediate relatives control 6.8% of the voting shares of the Company.

The compensation of key management personnel (including the director) is as follows:

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Key management remuneration including social security costs	877	633	609
Company contributions to money purchase pension plans	4	3	2
	881	636	611

Other related party transactions

	2020	*2019*	*2018*
	$'000	*$'000*	*$'000*
Sales to Automotive Kinetic Systems Limited	166	150	–
Purchases from Automotive Kinetic Systems Limited	12	16	274
Sales to iAQUA Limited	120	–	–

	Receivables outstanding			Payables outstanding		
	2020	*2019*	*2018*	*2020*	*2019*	*2018*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Amounts owed by shareholders	588	710	530	–	–	–
Amounts owed to shareholders	–	–	–	2,001	–	–
Balances with Marin Engineering Limited	2,002	–	–	–	–	–
Balances with Automotive Kinetic Systems Limited	543	200	25	–	–	–
Costs incurred but not yet invoiced to iAQUA Limited	2,033	1,871	1,196	–	–	–
	1,323	2,781	1,751	–	–	–

During 2020 the company made a loan of Thai Baht ("TBH") 59,975,000 ($2,002,000) to Marin Engineering Ltd, an associate of the company. The balance accrues interest at 4% and is repayable on 19th January 2030. Interest was accrued on these balances of $15,000. No interest was received in the year.

The Group transacted with Automotive Kinetic Systems Limited and iAQUA Limited, companies wholly owned by Simon Phillips, the ultimate controlling party of the Group. The receivables outstanding from these companies are interest free and have no set repayments.

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2020, 2019 or 2018 regarding related party transactions.

Loan Notes held by shareholders

The shareholders and their immediate relatives hold $7,426,000 of the outstanding Loan Notes as at 31 December 2020 (2019 – $6,734,000 and 2018 – $14,382,000)

No loan notes were repaid to shareholders and their immediate relatives in the year ending 31 December 2020 (2019 – $9,173,000 and 2018 – $Nil).

Interest was charged to the company on loan notes due to shareholders and their immediate relatives of $692,000 during the year ended 31 December 2020 (2019 – $1,138,000 and 2018 – $1,466,000). Interest was accrued to shareholders at 31 December 2020 on Loan Notes of $692,000 (2019 – $592,000 and 2018 – $643,000).

Amounts due to employees and shareholders

The Group has a loan payable balance to Simon Phillips of $1,442,000 as at 31 December 2020 (2019: loan receivable of $683,000 and 2018: loan receivable of $530,000). This loan balance is interest free and has no set repayments.

The Group has a loan receivable balance from Scott McKenzie of $1,000 as at 31 December 2020 (2019: $27,000 and 2018 – $Nil). This loan balance is interest free and has no set repayments.

23. Ultimate controlling party

In the opinion of the Director of CT Automotive Group plc, Simon Phillips is the ultimate controlling party of the Company and the Group.

24. Post balance sheet events

On 18 January 2021 CT Automotive Group plc obtained a $2.5m loan from a third party. This loan attracts interest of 10% per annum and is repayable in full on 20 January 2022.

25. (Loss)/earnings per share

Earnings per Ordinary Share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being (loss)/profit after tax, are as follows:

	2020	*2019*	*2018*
Weighted average number of equity shares	132,000	132,000	132,000
Earnings, being (loss)/profit after tax ($000s)	(7,796)	63	7,935
(Loss)/earnings per share ($)	(59.06)	0.48	60.11

The loss attributable to Ordinary Shareholders and weighted average number of Ordinary Shares for the purpose of calculating the diluted earnings per Ordinary Share are identical to those used for basic earnings per share. This is because there are no share options or other convertible instruments or in issue.

SECTION C: UNAUDITED INTERIM FINANCIAL INFORMATION OF CT AUTOMOTIVE GROUP PLC FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Directors have prepared the Consolidated Interim Financial Statements for the six months ended 30 June 2021 on the basis set out in note 1 to the Consolidated Interim Financial Statements. The Consolidated Interim Financial Statements contained in this Part III, which have been prepared by the Directors and are unaudited. The Directors are responsible for the Consolidated Interim Financial Statements contained in this Part III. The company, previously know as CT Automotive Group Limited, was re-registered as a public limited company on 24 November 2021.

CT Automotive Group plc

Consolidated statement of profit or loss and other comprehensive income

	Note	*Unaudited 6 months to 30 June 2021 $'000*	*Unaudited 6 months to 30 June 2020 $'000*
Revenue	2,3	74,658	40,394
Cost of sales		(55,126)	(36,338)
Gross profit		19,532	4,056
Distribution expenses		(2,377)	(1,451)
Other operating income		846	362
Administrative expenses		(13,442)	(13,002)
Operating profit/(loss)		4,559	(10,035)
Financial expenses		(2,359)	(1,896)
Share of post-tax losses of equity accounted associates		–	(287)
Profit/(loss) before tax		2,200	(12,218)
Taxation		(141)	600
Profit/(loss) for the year		2,059	(11,618)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		257	703
Other comprehensive income for the year, net of income tax		257	703
Total comprehensive income/(loss) for the year		2,993	(10,915)
Earnings/(loss) per share ($)	10	22.67	(82.69)

Consolidated balance sheet

	Note	Unaudited as at 30 June 2021 $'000	Unaudited as at 30 June 2020 $'000
Non-current assets			
Property, plant and equipment	4	10,296	7,691
Intangible assets		551	545
Goodwill		2,417	2,417
Right of use assets		6,313	8,978
Investments in equity-accounted associates		1,620	1,730
		21,197	21,361
Current assets			
Inventories	5	46,710	37,603
Tax receivable		1,411	614
Trade and other receivables	6	47,498	30,081
Cash and cash equivalents		3,135	2,184
		98,754	70,482
Total assets		119,951	91,843
Current liabilities			
Other interest-bearing loans and borrowings	7	(38,974)	(30,241)
Trade and other payables	8	(60,870)	(46,073)
Tax payable		–	(929)
Lease liabilities		(2,683)	(2,683)
		(102,527)	(79,926)
Non-current liabilities			
Other interest-bearing loans and borrowings	7	(20,701)	(18,962)
Lease liabilities		(4,265)	(6,658)
Deferred tax liabilities		(23)	–
		(24,989)	(25,620)
Total liabilities		(127,516)	(105,546)
Net liabilities		(7,565)	(13,703)
Equity attributable to equity holders of the parent			
Share capital		132	132
Translation reserve		557	300
Merger reserve		(35,812)	(35,812)
Retained earnings		27,558	21,677
Total equity		(7,565)	(13,703)

Consolidated statement of changes in equity

	Share capital $'000	*Translation reserve $'000*	*Retained earnings $'000*	*Merger reserve $'000*	*Total equity $'000*
1 January 2020	132	(403)	33,295	(35,812)	(2,788)
Total comprehensive income for the year					
Loss for the year	–	–	(11,618)	–	(11,618)
Other comprehensive income	–	703	–	–	703
Total comprehensive income for the year	–	703	(11,618)	–	(10,915)
Balance at 31 June 2020	132	300	21,677	(35,812)	(13,703)
1 January 2021	132	300	25,499	(35,812)	(9,881)
Total comprehensive income for the year					
Profit for the year	–	–	2,059	–	2,059
Other comprehensive income	–	257	–	–	257
Total comprehensive income for the year	–	257	2,059	–	2,316
Balance at 30 June 2021	132	557	27,558	(35,812)	(7,565)

Consolidated statement of cash flows

	Unaudited 6 months to 30 June 2021 $'000	*Unaudited 6 months to 30 June 2020 $'000*
Cash flows from operating activities		
Profit/(loss) for the year	2,059	(11,618)
Adjustments for:		
Depreciation, amortisation and impairment	2,446	2,324
Financial expense	2,359	1,896
Loss on sale of property, plant and equipment	–	–
Taxation	141	(600)
Share of post-tax losses of equity accounted associates	–	287
	7,005	(7,711)
(Increase)/decrease in trade and other receivables	(2,462)	15,163
(Increase) in inventories	(5,656)	(1,210)
Increase/(decrease) in trade and other payables	8,230	(4,135)
Increase/(decrease) in provisions	73	(285)
	7,190	1,822
Tax paid	(454)	(409)
Net cash from operating activities	6,736	1,413
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,929)	(47)
Purchase of investments	–	(2,017)
Net cash from investing activities	(1,929)	(2,064)
Cash flows from financing activities		
New loan advances	2,500	–
Principal repayment of IFRS 16 lease liabilities	(1,321)	(133)
Interest paid	(1,067)	(1,275)
Repayment of borrowings	(4,538)	(1,293)
Repayment of finance lease liabilities	(4)	–
Acquisition of new finance lease	–	–
Net cash from financing activities	(4,430)	(2,701)
Net increase/(decrease) in cash and cash equivalents	377	(3,352)
Cash and cash equivalents at beginning of period	(2,677)	(168)
Effect of exchange rate fluctuations on cash held	–	704
Cash and cash equivalents at end of year	(2,300)	(2,816)

Notes forming part of the consolidated unaudited financial statements

1. Accounting policies

Introduction

The consolidated interim financial statements have been prepared in accordance International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and expected to be effective at the year-end of 31 December 2021.

The accounting policies are unchanged from the financial statements for the year ended 31 December 2020. The interim financial statements, which have been prepared in accordance with International Accounting Standard 34 (IAS 34), are unaudited and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020, prepared in accordance with IFRS, have been filed with Companies House. The Auditors' Report on these accounts was unqualified, did not include any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under section 498 of the Companies Act 2006.

The consolidated interim financial statements are for the six months to 30 June 2021. The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020, which were prepared in accordance with IFRS's and in conformity with the requirements of the Companies Act 2006.

The condensed interim statements have been prepared under the going concern assumption, which presumes the Group will be able to meet its obligations as they fall due for the foreseeable future.

The Group's business is not subject to significant seasonal variations.

The unaudited financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Sale of goods and provision of services*

Serial production goods are recognised as sold when control is passed to the customer, which depending on the incoterms (a series of pre-defined commercial terms published by the International Chamber of Commerce relating to international commercial law) can be when they are delivered to the customer site or when the customer collects them.

Tooling and the provision of associated services is recognised at the point that the contract is satisfied and control is passed to the customer.

Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Determining the transaction price
The Group's revenue is derived from fixed price contracts and therefore the amount of revenue earned from each contract is determined by reference to those fixed prices. There is no variable consideration in these contracts.

Allocating the transaction price to performance obligations
The Group's revenue contracts specify a fixed unit price for each product sold. Therefore there is no judgement involved in allocating the contract price to each unit under these contracts.

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

Serial production revenue

Serial production revenue is recognised when control of the sold goods is deemed to have transferred to the customer. There is little judgement needed in identifying the point that control passes; once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, has a present right to payment and retains none of the significant risks and rewards of ownership.

Transaction prices are derived by fixed price contracts, with prices set for each unit. Therefore, no judgement is required for determining the transaction price or allocating this to performance obligations.

Tooling revenue

Tooling revenue is recognised at the point that contracts have been satisfied and control is passed to the customer. Judgement is required to determine the point at which the Group has completed all obligations and the customer has accepted the completed tooling.

Transaction prices are derived by fixed price contracts, with prices for tooling machinery. Therefore, no judgement is required for determining the transaction price or allocating this to performance obligations.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Assets under construction	–	not depreciated
Plant and equipment	–	2-5 years straight line
Moulds and tooling	–	2-5 years straight line
Furniture, fixtures and equipment	–	2-5 years straight line
Motor vehicles	–	2-5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the value that would arise on sale of stock in the normal course of business, minus a reasonable estimation of selling costs.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Information for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2. Revenue

	Unaudited 6 months to 30 June 2021 $'000	*Unaudited 6 months to 30 June 2020 $'000*
Disaggregation of revenue		
An analysis of turnover by type is given below:		
Sale of parts	64,393	32,278
Sale of tooling (including design and development)	10,265	8,116
Total revenues	74,658	40,394

All revenue is derived from goods transferred at a point in time.

3. Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the management team including the Chief Executive Officer and Group Finance Director. The segmental analysis is based on the information that the management team uses internally for the purpose of evaluating the performance of operating segments and determining resource allocation between segments.

The Group has 3 strategic divisions which are its reportable segments.

The Group has the below main divisions:

(1) Tooling – Design, development and sale of tooling for the automotive industry.

(2) Production – Manufacturing and distributing serial production kinematic interior parts for the automotive industry.

(3) Head office – Manages group financing and capital management

Other operations include two standalone subsidiaries which also manufacture and sell kinematic interior parts for the automotive industry. These subsidiaries do not meet the quantitative thresholds to be separate reportable segments.

The Group evaluates segmental performance on the basis of revenue and profit or loss from operations calculated in accordance with IFRS.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently in the current and prior year.

For the 6 months ended 30 June 2021

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Revenue				
External revenue	10,265	64,393	–	74,658
Inter-segmental revenue	3,145	36,307	–	39,452
Depreciation	–	(2,351)	–	(2,351)
Amortisation	–	(95)	–	(95)
Interest expense	(12)	(1,260)	(1,087)	(2,359)
Segment profit/(loss)	4,684	517	(3,001)	2,200
Share of post-tax of equity accounted associates				–
Group Profit/(Loss) before tax				2,200

For the 6 months ended 30 June 2020

	Tooling *$'000*	*Production* *$'000*	*Head office* *$'000*	*Total* *$'000*
Revenue				
External revenue	8,116	32,278	–	40,394
Inter-segmental revenue	1,941	27,421	–	29,362
Depreciation	–	(2,128)	–	(2,128)
Amortisation	–	(196)	–	(196)
Interest expense	(29)	(877)	(990)	(1,896)
Segment profit/(loss)	(275)	(7,994)	(3,662)	(11,931)
Share of post-tax of equity accounted associates				(287)
Group Profit/(Loss) before tax				(12,218)

	External revenue by location of customers	
	Unaudited 6 months to 30 June 2021 $'000	*Unaudited 6 months to 30 June 2020 $'000*
UK	13,588	7,351
US	13,065	7,068
China	20,904	11,310
Turkey	5,524	2,989
Czech Republic	12,841	6,947
Brazil	2,239	1,211
Spain	5,002	2,706
Thailand	1,119	606
Other	376	206
	74,658	40,394

4. Property, plant and equipment

	Plant and equipment $'000	*Fixtures and fittings $'000*	*Under construction $'000*	*Motor vehicles $'000*	*Total $'000*
Cost					
Balance at 1 January 2020	15,339	2,824	93	36	18,292
Additions	–	47	–	–	47
Disposals	–	–	–	–	–
Re-classifications	–	–	–	–	–
Effect of movements in foreign exchange	(1,045)	–	–	–	(1,045)
Balance at 30 June 2020	14,294	2,871	93	36	17,294
Balance at 1 January 2021	16,687	3,323	–	38	20,048
Additions	1,254	837	–	–	2,091
Disposals	–	–	–	–	–
Re-classifications	–	–	–	–	–
Effect of movements in foreign exchange	–	–	–	–	–
Balance at 30 June 2021	17,941	4,160	–	38	22,139

	Plant and equipment $'000	Fixtures and fittings $'000	Under construction $'000	Motor vehicles $'000	Total $'000
Depreciation					
Balance at 1 January 2020	7,029	1,531	–	36	8,596
Depreciation charge for the year	807	200	–	–	1,007
Disposals	–	–	–	–	–
Effect of movements in foreign exchange	–	–	–	–	–
Balance at 30 June 2020	7,836	1,731	–	36	9,603
Balance at 1 January 2021	8,571	1,855	–	38	10,464
Depreciation charge for the year	889	490	–	–	1,379
Disposals	–	–	–	–	–
Effect of movements in foreign exchange	–	–	–	–	–
Balance at 30 June 2021	9,460	2,345	–	38	11,843
Net book value					
At 30 June 2020	6,458	1,140	93	–	7,691
At 30 June 2021	8,481	1,815	–	–	10,296

5. Inventories

	As at 30 June 2021 $'000	*As at 30 June 2020 $'000*
Raw materials and consumables	9,494	7,952
Work in progress	12,605	13,676
Finished goods	24,611	15,975
	46,710	37,603

6. Trade and other receivables

	As at 30 June 2021 $'000	*As at 30 June 2020 $'000*
Trade receivables	21,013	13,045
Other debtors	2,063	3,144
Loan receivables	443	543
	23,519	16,732
Prepayments	23,979	13,349
Total trade and other receivables	47,498	30,081

Included within trade and other receivables is $Nil (2020 – $Nil) expected to be recovered in more than 12 months.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision to trade receivables. The expected loss rates are based on the Group's historical credit losses. Due to the nature of the Group's customers no credit loss provision has been made at year end (2020 – $Nil).

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

7. Loans and borrowings

	As at 30 June 2021 $'000	*As at 30 June 2020 $'000*
Non-current liabilities		
Secured bank loans	(11,437)	(12,160)
Loan notes	(7,794)	(6,802)
Non-current portion of finance lease liabilities	(148)	–
	(19,379)	(18,962)
Current liabilities		
Current portion of secured bank loans	(20,990)	(20,710)
Current portion of finance lease liabilities	(197)	(49)
Unsecure bank overdraft	(5,465)	(5,000)
Invoice finance	(11,144)	(4,482)
Unsecured loan	(2,500)	–
	(40,296)	(30,241)
	(59,675)	(49,203)

8. Trade and other payables

	As at 30 June 2021 $'000	*As at 30 June 2020 $'000*
Current		
Trade payables	20,487	18,697
Non-trade payables and accrued expenses	25,135	9,066
Employee social security and taxes	3,274	3,221
Contract liabilities	9,033	5,729
Other payables	2,941	8,850
Provisions for losses on forward contracts	–	223
	60,870	45,786

Included within trade and other payables is $Nil (2019 – $Nil) expected to be settled in more than 12 months.

All trade and other payables other than provisions for losses on forward contracts (fair value through profit and loss) are classified as financial liabilities measured at amortised cost.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

9. Related parties

The compensation of key management personnel (including the director) is as follows:

	Unaudited 6 months to 30 June 2021 $'000	*Unaudited 6 months to 30 June 2020 $'000*
Key management remuneration including social security costs	439	439
Company contributions to money purchase pension plans	2	2
	441	441

10. Post balance sheet events

On 14 September 2021, the original shareholder loan notes ($7,426,000 at 31 December 2020) were converted to equity instruments based on changes in their terms such that they meet the IAS 32 definition of equity. At the date of this conversion, $1,946,000 of other shareholder loans were also converted to equity, in line with IAS 32.

On 20 September 2021, CT Automotive Group plc obtained $5,600,000 10% convertible loan notes from unrelated third parties. These convertible loan notes shall automatically convert to ordinary shares in the Company at a 43% discount to the placing price in the event of an initial public offering.

On 30 September 2021, CT Automotive Group plc signed an agreement with the other shareholders of Marin Engineering Limited whereby CT Automotive Group has agreed to waive and write off all loan receivable balances due from Marin Engineering Limited and to transfer its shares held in Marin Engineering Limited to a third party for nil consideration. This is an adjusting event in line with IAS 10. Therefore, appropriate adjustments have been made in the accounts to create a full provision against the loan receivable and to impair the value of the investment to nil.

11. Earnings/(loss) per share

Earnings per Ordinary Share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being (loss)/profit after tax, are as follows:

	Unaudited 6 months to 30 June 2021	*Unaudited 6 months to 30 June 2020*
Weighted average number of equity shares	132,000	132,000
Earnings, being (loss)/profit after tax ($000s)	2,059	(11,618)
Earnings/(loss) per share ($)	15.59	(88.02)

The loss attributable to Ordinary Shareholders and weighted average number of Ordinary Shares for the purpose of calculating the diluted earnings per Ordinary Share are identical to those used for basic earnings per share. This is because there are no share options or other convertible instruments or in issue.

PART IV

CORPORATE GOVERNANCE

As a company which will be admitted to trading to AIM, the Company is not required to comply with a particular corporate governance code. However, it is required to provide details of the corporate governance code it has decided to apply and state how it will comply with that code.

The Directors support high standards of corporate governance and have decided to comply with the QCA Code. Set out below are details of how the Company will comply with the QCA Code with effect from Admission.

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

The Group's business model and strategy is set out in Part I of this document. The Board will hold at least one session each year dedicated to strategy, which will include input from senior members of the CT Automotive team and any necessary external advisers. A strategic report reflecting the outcome of such sessions will be included in the Company's annual report and accounts.

The principal risks facing the Group are set out in Part II of this document. The Board will identify and deploy mitigation steps to manage these risks and confront day-to-day challenges of the business post-Admission. See in addition Principle 4 below.

Principle 2: Seek to understand and meet Shareholder needs and expectations

The Board is committed to open and ongoing engagement with the Shareholders. The Board will communicate with Shareholders through:

- the annual report and accounts;
- the interim and full-year results announcements;
- trading updates (where required or appropriate);
- the annual general meetings; and
- the Company's investor relations website (in particular, the "RNS News" and "AIM Rule 26" pages).

From Admission, David Wilkinson will be the primary contact for Shareholders and there will be a dedicated e-mail address for shareholder questions and comments.

Regular meetings will be held between the Executive Chairman, Chief Executive Officer, Chief Financial Officer and institutional investors and analysts to ensure that the Company's strategy, financials and business developments are communicated effectively.

The Board intends to engage with Shareholders who do not vote in favour of resolutions at annual general meetings to understand their motivation.

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

The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including employees, existing and new customers and suppliers, in order to achieve long-term success.

The Executive Directors will maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business.

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

The principal risks facing the Group and the industry in which it operates are set out in Part II of this document. These risks will be reviewed at least once a year and included in the annual report and accounts.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

On Admission, the Board will comprise six directors:

- Tracey James, Raymond Bench and Francesca Ecsery as Non-Executive Directors; and
- Simon Phillips, Scott McKenzie and David Wilkinson as Executive Directors.

The biographies of the Directors are provided in Part I of this document.

Tracey James, Raymond Bench and Francesca Ecsery are considered by the Board to be independent Non-Executive Directors and were selected with the objective of bringing experience and independent judgement to the Board.

The Board has been constructed to ensure that it has the right balance of skills, experience, independence and knowledge of the business.

The Board is also supported by the Audit and Risk Committee and Remuneration Committee. Details of these committees are set out in Part I of this document.

The Board will meet regularly and at least eight times a year. Processes are in place to ensure that each member of the Board is, at all times, provided with such information as is necessary for him/her to discharge his/her duties.

The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

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

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

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules and the Company's Solicitors in respect of continued compliance with, inter alia, UK MAR.

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

The Chair is responsible for ensuring an effective Board. Post-Admission, the Company intends to establish a formal process for evaluating the performance of the Board, the committees, and the individual Directors against its objectives to ensure that members of the Board provide relevant and effective contribution.

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

The Group promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings. The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees.

The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Company.

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

The Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Chairman is the primary contact for the Company's Shareholders and is responsible for ensuring that the link between the Board and the shareholders is strong and efficient. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit and Risk Committee and Remuneration Committee. Details of these committees and their responsibilities are set out in Part I of this document. From time to time, separate committees may be set up by the Board in order to consider and address specific issues, as and when they arise.

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

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

The Company intends to use the following principal methods of communication with its Shareholders:

- the annual report and accounts;
- the interim and full-year results announcements;
- trading updates (where required or appropriate);
- the annual general meetings; and
- the Company's investor relations website (in particular, the "RNS News" and "AIM Rule 26" pages which will go live on Admission).

The Company's website is updated on a regular basis with information regarding the Group's activities and performance. The Company's reports, presentations, notices of annual general meetings, and results of voting at shareholder meetings will also be made available on the website.

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and functions are set out on page 8 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company is domiciled in the United Kingdom and was incorporated on 28 October 2016 and registered as a private limited company in England and Wales under the Act with the name CT Automotive Group Limited and with registration number 10451211.

2.2 On 24 November 2021, the Company was re-registered as a public limited company under the Act and its name was changed to CT Automotive Group plc.

2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Placing Shares and the Loan Conversion Shares will be issued is the Act and regulations made thereunder.

2.4 The Company's principal activity is that of a holding company. It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.5 of this Part V. Further details of the history and background of the Company and the subsidiary undertakings are set out in paragraph 8 of Part I.

2.5 As at the date of this document, the Company has, and will on Admission have, the following subsidiary undertakings including direct and indirect undertakings:

Name	*Jurisdiction*	*Ownership*
China Tool Projects UK Limited ("**CTHK**")	Hong Kong	Wholly owned by Company
Chinatool Mould Systems Limited ("**CMSHK**")	Hong Kong	Wholly owned by CTHK
CT Automotive CZ s.r.o ("**CTCZ**")	Czech Republic	Wholly owned by the Company
Yinghuali Automotive Interiors Private Limited ("**Yinghuali**")	India	99.99% owned by the Company
CT Automotive Japan K.K ("**CTAJ**")	Japan	Wholly owned by the Company
Chinatool UK Limited ("**CTUK**")	England & Wales	Wholly owned by CTHK
Chinatool Automotive Systems Limited ("**CAS**")	England & Wales	Wholly owned by CTHK
Chinatool Otomotiv San. Tic. Ltd. Sti ("**CTTK**")	Turkey	Wholly owned by CTHK
IMS/Chinatool JV, LLC ("**IMSJV**")	Michigan, United States	Wholly owned by CTHK

Name	*Jurisdiction*	*Ownership*
Chinatool Automotive Mould Systems Limited (“**CAMSL**”)	China	Wholly owned by CMSHK
Chinatool Automotive Components Co. Limited (“**CACCL**”)	China	Wholly owned by CMSHK
Chinatool Automotive Technology (Shenzen) co. Ltd (“**CMS Qianhai**”)	China	Wholly owned by CMSSZ

2.6 The registered office and corporate headquarters of the Company is 1000 Lakeside North Harbour, Western Road, Portsmouth, England, PO6 3EN, and its telephone number is 023 9281 9059.

2.7 The Company’s website address is https://ct-automotive.net/

3. Share Capital of the Company

3.1 As at the date of this document and immediately following Admission, the issued and fully paid up share capital of the Company is, and will be, as follows:

	Number of Ordinary Shares issued and credited as fully paid	*Aggregate nominal value (£)*
As at the date of this document	19,600,000	98,000
Immediately following Admission	50,933,289	254,666.45

3.2 On incorporation the share capital of the Company was £1.00 divided into 1 ordinary share of £1.00. The subscriber shareholder was David Wilkinson, who held 1 ordinary share of £1.00.

3.3 The following changes to the share capital of the Company have taken place since 28 October 2016 to the date of this document:

3.3.1 On 6 April 2017, the 1 ordinary share of £1.00 was re-designated into 1 B ordinary share of £1.00;

3.3.2 On 6 April 2017, the Company allotted the following shares:

(a) 80,499 A ordinary shares of £1.00 each;

(b) 17,499 B ordinary shares of £1.00 each; and

(c) 1 G ordinary share of £1.00.

3.4 On 22 November 2021, the Company re-designated:

(a) the 80,499 A ordinary shares of £1.00 each in the capital of the Company into a new class of ordinary shares of £1.00 each in the capital of the Company so that the previous 80,499 A Ordinary Shares are re-designated into 80,499 ordinary shares);

(b) the 17,500 B ordinary shares of £1.00 each in the capital of the Company into 17,500 ordinary shares; and

(c) the 1 G ordinary share of £1.00 in the capital of the Company into 1 ordinary share.

3.5 On 22 November 2021, the Company sub-divided each of the Company’s 98,000 ordinary shares of £1.00 each in the capital of the Company into 200 Ordinary Shares of £0.0050 each in the capital of the Company.

3.6 By virtue of the written resolutions passed by the requisite number of Shareholders on 22 November 2021:

3.6.1 the Directors were generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the capital of Company up to an aggregate nominal amount of £1,000,000, provided that:

(a) in the event that the Company's issued share capital is admitted to trading on the AIM market of the London Stock Exchange, such authorisation would be limited, in the period following Admission, to the allotment of shares or grants of rights (made following Admission) not to exceed one third of the aggregate nominal amount of the Company's Enlarged Share Capital; and

(b) such authorisation would, unless previously revoked by resolution of the Company, expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2022 and 31 December 2022, and that the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares or grant rights in pursuance of any such offer or agreement as if such authorisation had not expired; and,

3.6.2 the Directors were generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorisation conferred by paragraph 3.6.2 above as if section 561 of the Act did not apply to the allotment, provided that this power is limited to:

(a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment (otherwise than pursuant to paragraph (a) above) of further equity securities up to an aggregate nominal amount of £1,000,000. However, in the event of Admission then such power under paragraph (b) to be limited, in the period following Admission, to the allotment of further equity securities not to exceed an aggregate nominal amount equal to 10 per cent. of the aggregate nominal amount of the Company's Enlarged Share Capital,

3.6.3 provided that such authorisation would, unless previously revoked by resolution of the Company, expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2022 and 31 December 2022, and that the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant rights in pursuance of any such offer or agreement as if this authorisation had not expired.

3.7 Save as disclosed in this Part V, since 30 June 2021 (being the date of the most recent balance sheet included in Part III of this document) and (other than pursuant to the Placing, the Founder Loan Note, the Director Loan Conversion Agreements or the Convertible Loan Notes):

3.7.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;

3.7.2 no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;

3.7.3 no person has any preferential subscription rights for any share capital of the Company;

3.7.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;

3.7.5 neither the Company nor any other member of the Group holds any of the Ordinary Shares;

3.7.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and

3.7.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

3.8 The Ordinary Shares have been created under the Act.

3.9 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.

3.10 No shares of the Company 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.

3.11 Save for the options to be granted under the Proposed LTIP the Company does not have in issue any securities not representing share capital.

3.12 There are no issued but not fully paid Ordinary Shares.

3.13 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.14 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.

4. Articles of Association

4.1 *General*

4.1.1 The Articles, which were adopted by the Company on 24 November 2021 contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

4.1.2 In this paragraph 4 of Part V, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

4.1.3 The Company has unrestricted objects.

The Articles contain provisions, among others, to the following effect:

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, 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, in the case of special business, 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 directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion.

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.

4.3 ***Voting Rights***

At a general meeting of the Company, subject to any special rights or restrictions attached to any class of shares:

4.3.1 on a show of hands every member present in person has one vote, every duly appointed proxy present has one vote (unless he has been appointed by more than one member and has been instructed by one or more members to vote for a resolution and by one or more other members to vote against it, in which case he has one vote for and one vote against the resolution) and any person duly appointed to act as the authorised representative of a corporate member (or each of them if more than one) has one vote; and

4.3.2 on a poll every member has one vote for every share held by him.

No shareholder will be entitled to vote at a general meeting or any separate meeting of the holders of any class of shares in the Company in respect of any share held by him unless all moneys presently owed to the Company have been paid.

4.4 ***Alteration of Capital***

The Company may from time to time by ordinary resolution:

4.4.1 consolidate and divide all or any of its shares into shares of larger amount; and

4.4.2 sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

4.5 ***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 an extraordinary 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 not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

4.6 ***Purchase of Own Shares***

Subject to the provisions of the Act, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

4.7 ***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 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 the transferee. 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.

4.8 ***Dividends and other distributions***

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, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

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.

In a winding up, the liquidator may, 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 members as the liquidator determines.

4.9 ***Restrictions on Shares***

If the Board is satisfied that 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 Board (of the Company) may serve on such member or on any such person a notice ("a direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote 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 (less any shares of that class held in treasury) the direction notice may in addition direct that: (i) except in a liquidation of the Company, no payment shall be made by the Company on the default shares, whether in respect of capital or dividend or otherwise, (ii) no other distribution shall be made on the default shares; and (iii) no transfer of any of the shares held by the member shall be registered unless: (A) the member itself is not in default as regards supply the requested information and the member certifies that no person in default as regards supplying the requested information is interested in any of the shares the subject of the transfer; (B) the transfer is an approved transfer; or (C) registration is required under regulation 27 of the CREST Regulations. The prescribed period referred to above means 14 days from the date of service of the notice under Section 793.

4.10 ***Directors***

4.10.1 At the first annual general meeting of the Company all of the directors for the time being shall retire from office and put themselves up for re-election. At every subsequent annual general meeting, any director appointed by a resolution of the Board shall retire and in addition to any director who was not appointed or re-appointed at one of the preceding two annual general meetings.

4.10.2 Save as provided in sub-paragraph 4.10.3 below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

4.10.3 The prohibition in sub-paragraph 4.10.2 above shall not apply to a director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its Subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its Subsidiaries for which he has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its Subsidiaries by him; (iv) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of employees of the Company or any of its Subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.

4.10.4 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. 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 alias, present and past employees and directors and may set up and maintain schemes for the purpose.

4.10.5 Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two. There is no maximum number of directors. A director shall not be required to hold any shares of the Company by way of qualification.

4.11 ***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.

5. The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules

5.1 ***Mandatory bids***

When any person, together with persons acting in concert with him, is interested in shares carrying 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. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

5.2 ***The Concert Party***

The Panel considers Simon Phillips, Scott McKenzie and David Wilkinson as persons acting in concert for the purposes of the City Code.

On Admission, the Concert Party will hold 23,026,486 Ordinary Shares, in aggregate, representing approximately 45.2 per cent. of the Enlarged Share Capital as set out below:

	Number of Ordinary Shares	*Percentage of Enlarged Share Capital*
Simon Phillips	19,483,702	38.3%
Scott McKenzie	2,185,570	4.3%
David Wilkinson	1,357,214	2.7%

Simon Phillips, Scott McKenzie and David Wilkinson will be granted options under the Proposed LTIP to subscribe for new Ordinary Shares representing in aggregate 5 per cent. of the Enlarged Share Capital. Assuming full vesting and exercise of the Proposed LTIP, the Concert Party would hold in aggregate a maximum of 25,573,148 Ordinary Shares representing 47.8 per cent. of the Company's issued share capital at that time, assuming no other Ordinary Shares are issued.

To the extent that the exercise of the Proposed LTIP options in the future increases the Concert Party's interest in Ordinary Shares through a Rule 9 threshold, the Panel has confirmed that any such increase would not trigger an obligation to make a mandatory offer pursuant to Rule 9 on the basis that the consequence of such increases have been fully disclosed in this document.

However, should any member of the Concert Party acquire any interest in Ordinary Shares other than pursuant to the Loan Note Conversion described in paragraph 18 of Part I or the exercise of options under the Proposed LTIP as set out in paragraph 11 of Part V, the Panel may regard this as giving rise to an obligation upon that member of the Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Concert Party or any other member of the Concert Party in the previous 12 months.

5.3 ***Compulsory acquisition – squeeze out***

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

5.4 ***Compulsory acquisition – sell out***

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. Interests of the Directors

6.1 The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules for Companies) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document, immediately prior to Admission and immediately following Admission:

	As at the date of this document		*Immediately following Admission*	
Name	*No. of Ordinary Shares*	*% of Existing Share Capital*	*No. of Ordinary Shares*	*% of Enlarged Share Capital*
Simon Phillips	16,100,000	82.14%	19,483,702	38.3%
David Wilkinson	1,340,000	6.84%	1,357,214	2.6%
Scott McKenzie	2,160,000	11.02%	2,185,570	4.3%
Tracey James	–	–	17,006	0.0%
Francesca Ecsery	–	–	2,040	0.0%
Raymond Bench	–	–	3,401	0.0%

6.2 The following table sets out details of the options over Ordinary Shares to be granted to the Directors following Admission pursuant to the Proposed LTIP:

Name	*No. of Ordinary Shares*	*Exercise price per Ordinary Share*
Simon Phillips	509,332	£0.005
David Wilkinson	1,018,665	£0.005
Scott McKenzie	1,018,665	£0.005

6.3 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

6.4 Save as disclosed in this paragraph 6, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

7. Directors' Service Agreements and Letters of Appointment

7.1 The Directors have been appointed to the offices and roles set out against their respective names below. The service agreements and letters of appointment summarised below are each between the respective Director and the Company.

7.2 ***Executive Directors***

7.2.1 Pursuant to an agreement with the Company dated 16 December 2021, David Wilkinson is employed by the Group as Chief Financial Officer. Mr. Wilkinson's salary is £170,000 per annum. The Company may in its absolute discretion pay to Mr. Wilkinson a bonus (capped at 75% of his base salary) of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. Wilkinson or the Company to terminate his employment on six months' notice. Mr. Wilkinson's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

7.2.2 Pursuant to an agreement with CTHK dated 16 December 2021, Scott McKenzie is employed by the Group as Chief Executive Officer. Mr. McKenzie's salary is £220,000 per annum. CTHK may in its absolute discretion pay to Mr. McKenzie a bonus (capped at 75% of his base salary) of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. McKenzie or CTHK to terminate his employment on twelve months' notice. Mr. McKenzie's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

7.2.3 Pursuant to an agreement with CTHK dated 16 December 2021, Simon Phillips is employed by the Group as Executive Chairman. Mr. Phillip's salary is £220,000 per annum. Mr. Phillips is not eligible for a bonus. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. Phillips or CTHK to terminate his employment on twelve months' notice. Mr. Phillip's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

7.3 ***Non-Executive Directors***

7.3.1 Pursuant to a letter of appointment with the Company dated 16 December 2021, Tracey James has been appointed as Senior Independent Director of the company with effect from Admission. The appointment is subject to Board review and re-election at annual general meetings as required by the Articles and is terminable earlier by either side giving three months' notice at any time. The fee payable to Tracey James will be £52,000 per annum before tax, with an anticipated time commitment of two days per month.

7.3.2 Pursuant to a letter of appointment with the Company dated 16 December 2021, Francesca Ecsery has been appointed as a Non-Executive Director of the company with effect from Admission. The appointment is subject to Board review and re-election at annual general meetings as required by the Articles and is terminable earlier by either side giving three months' notice at any time. The fee payable to Francesca Ecsery will be £47,000 per annum before tax, with an anticipated time commitment of two days per month.

7.3.3 Pursuant to a letter of appointment with the Company dated 16 December 2021, Raymond Bench has been appointed as a Non-Executive Director of the company with effect from Admission. The appointment is subject to Board review and re-election at annual general meetings as required by the Articles and is terminable earlier by either side giving three months' notice at any time. The fee payable to Raymond Bench will be £40,000 per annum before tax, with an anticipated time commitment of two days per month.

8. Additional Information on the Directors

8.1 Other than in respect of the Company, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

Name	*Current Directorships/Partnerships*	*Former Directorships/Partnerships*
Simon Phillips (formerly known as Simon Robinson)	China Tool Projects UK Limited Chinatool Mould Systems Limited Automotive Kinetic Systems Limited Yingkesi Slide System (Shenzhen) Co Ltd CT Automotive Mold System (Shenzhen) Co Ltd	iAQUA Limited Chinatool Automotive Components (Ganzhou) Co Ltd

Name	*Current Directorships/Partnerships*	*Former Directorships/Partnerships*
David Wilkinson	China Tool Projects UK Limited Chinatool Mould Systems Limited Chinatool UK Limited Chinatool Automotive Systems Limited Yinghauli Automotive Interiors Private Limited Yinghuali Auto Mould Systems (Shenzhen) Co Ltd CT Automotive CZ S.R.O.	None
Scott McKenzie	Chinatool Automotive Components Co., Ltd. Chinatool Automotive Mould Systems Limited. Chinatool Automotive Technology (Shenzhen) Co., Ltd. CT Automotive CZ s.r.o	None
Tracey James (née Clements)	Gattaca plc ECO Animal Health group plc	Places for People Group Limited Activate Learning Group (Charity) Grant Thornton UK LLP Zeroc Group (2008) Limited Modularwise Limited Allenbuild Limited Places for People Developments Limited Places for People Ventures Operations Limited Places for People Ventures Limited Millwood Designer Homes Limited
Francesca Ecsery (formerly Ecsery-Merrens)	Association of Investment Companies (AIC) Ltd Société Air France S.A. F&C Investment Trust Plc Marshall Motors Holdings Plc The Rising Tide Europe 1 SLP	Logistik Holding Limited Good Energy Group Plc Advantage Portugal LLP The Share Centre Limited Share Limited Equity Trustees Fund Services Ltd
Raymond Bench	None	None

8.2 Simon Phillips was a director of GenCel Solent Limited which entered into administration on 21 June 2000 following a petition by the company. On 17 December 2004, the High Court of Justice discharged the administration order issued in 2000 and ordered that the Company be wound up. On 3 August 2005, the winding up process of GenCel Solent Limited was concluded; subsequently, the company was dissolved on 23 November 2005 following compulsory liquidation.

8.3 Francesca Ecsery was a member of Advantage Portugal LLP which was voluntarily dissolved by its members on 12 June 2018.

8.4 Save as disclosed in paragraph 8.2 and 8.3, none of the Directors has:

8.4.1 any unspent convictions in relation to indictable offences;

8.4.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;

8.4.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;

8.4.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;

8.4.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;

8.4.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or

8.4.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

8.5 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

8.6 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors, save in respect of the transactions referred to in note 22 to the financial statements in Part III of this document.

There are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries save for those listed below:

a) The Founder Loan Note disclosed at paragraph 12.10 of Part V of this document.

b) A loan of US$404,039 provided by Simon Phillips to the Company in August 2021.

c) A loan of US$49,952 provided by Scott McKenzie to the Company in August 2021.

d) A loan of US$33,628 provided by David Wilkinson to the Company in August 2021.

8.7 The loans listed at 8.6(b) to (d) inclusive of this Part V represent the Director Loans.

9. Significant Shareholders

9.1 As at the date of this document insofar as is known to the Company, no persons or persons, other than as set out below, are or will, immediately following Admission, have an interest, directly or indirectly, in three per cent. or more of the share capital or voting rights of the Company, so far as is notifiable under English law.

	As at the date of this document		*Following Admission*	
Name	*No. of Ordinary Shares*	*% of Existing Share Capital*	*No. of Ordinary Shares*	*% of Enlarged Share Capital*
Simon Phillips	16,100,000	82.14%	19,483,702	38.3%
David Wilkinson	1,340,000	6.84%	1,357,214	2.7%
Scott McKenzie	2,160,000	11.02%	2,185,570	4.3%
Charles Stanley & Co. Ltd	–	–	5,496,666	10.8%
Otus Capital Management Ltd	–	–	5,102,040	10.0%
Premier Fund Managers Ltd	–	–	4,727,891	9.3%
Stonehage Fleming Investment Management Ltd	–	–	2,721,088	5.3%

Name	As at the date of this document No. of Ordinary Shares	% of Existing Share Capital	Following Admission No. of Ordinary Shares	% of Enlarged Share Capital
Lombard Odier Asset Management (Europe) Ltd	–	–	1,677,414	3.3%
Pitharn Ongkosit*	–	–	2,697,267	5.3%
Zall Holdings Limited*	–	–	1,798,178	3.5%

*Zall Holdings Limited and Pitharn Ongkosit are each holders of 10% convertible redeemable loan notes

9.2 Save as disclosed in paragraph 6 of this Part V above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

9.3 None of the Directors nor any persons has voting rights which are different to those of other Shareholders.

10. Employees

10.1 As at 31 December 2020, the Group had a total of 2,698 permanent employees across all locations.

10.2 The breakdown of the number of employees per main category of activity is as follows:

	2020 Number	*2019 Number*	*2018 Number*
Production staff	2,165	2,357	2,337
Management and administration staff	533	492	331
	2,698	2,849	2,668

11. Employee Share Option Schemes

11.1 ***Proposed Long Term Incentive Plan***

The Directors have agreed that following Admission the Company will adopt a Long Term Incentive Plan. It is anticipated that the principal features of the Proposed LTIP will be as described below:

(a) *Administration*

The Proposed LTIP will be administered and operated by the Board or a duly authorised committee. Decisions in relation to the participation in the Proposed LTIP by the Executive Directors will be taken by the Remuneration Committee.

(b) *Eligibility*

The executives Directors will be eligible to participate in the proposed LTIP. At this time, this includes Simon Phillips (Executive Chairman), Scott McKenzie (CEO) and David Wilkinson (CFO).

(c) *Form Of Awards*

Awards under the Proposed LTIP will be made by way of options to subscribe for Ordinary Shares at an exercise price per Ordinary Share equal to the nominal value of an Ordinary Share ("Awards").

It is anticipated that options will be granted to the Executive Directors as follows:

Name	*Number of Ordinary Shares*	*Exercise price*
Simon Phillips	509,332	£0.005
Scott McKenzie	1,018,665	£0.005
David Wilkinson	1,018,665	£0.005

(d) *Vesting, release and exercise*

It is anticipated that each of the above Awards will be split into three tranches with tranche one vesting on the third anniversary of Admission, tranche two vesting on the fourth anniversary of Admission and tranche three vesting on the fifth anniversary of Admission, assuming that the relevant performance conditions relating to each tranche have been met.

(e) *Performance Conditions*

It is anticipated Awards will be granted subject to the satisfaction of performance conditions based on the earnings per share performance of the Company in each of the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025. No re-testing of performance conditions will be allowed.

(f) *Leaver provisions*

It is anticipated that Awards under the LTIP will lapse on cessation of employment. However, if a participant ceases to hold office or employment or provide services by reason of ill-health, disability, death, redundancy, or for any other reason at the Remuneration Committee's discretion (a "Good Leaver"), any unvested Award they hold may continue and be exercisable at the originally anticipated vesting date. It is anticipated that the extent to which an Award held by a Good Leaver is exercisable will be determined by reference to (a) the extent to which any performance condition has been satisfied (as determined by the Board in the event of exercise before the end of the performance period) and (b) unless the Board determines otherwise, taking into account the proportion of the performance period that has elapsed at the date of cessation.

It is intended that malus and clawback conditions will apply to the Awards which will enable the Company to claw back vested amounts for up to three years from the date of vesting in the event of material misstatement of financial or operational results, gross misconduct or manifest error.

(g) *Corporate events*

It is anticipated that, in the event of a change of control by way of a takeover or scheme of arrangement, or the voluntary winding up of the Company, Awards may be exercised to the extent the Board determines that performance conditions have been met. The extent to which an Award is exercisable will take into account the proportion of the performance period that has elapsed at the date of the event (except where the price in relation to an event exceeds any share price target connected to the vesting of the Award, in which case the Award shall be exercisable in full). If the Awards are not exercised within an appropriate period, generally six months after the relevant event, they will lapse.

(h) *Limits*

Awards made under the Proposed LTIP plan will not count towards the limit that the Company may impose in relation to the grant of options under any employee share scheme that it proposes to adopt in the future.

No further LTIP awards are expected to be made to the Executive Directors before 2024.

11.2 ***Company Share Option Plan***

Following Admission, the Company intends to adopt an employee share option plan for the purposes of granting options to employees of the Group.

12. Material Contracts

Other than as set out below, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

12.1 ***Placing Agreement***

Under the Placing Agreement dated 16 December 2021 between the Company, each Director, and Liberum:

(a) Liberum has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;

(b) the Company has agreed to pay the costs relating to Admission and the Placing, a corporate finance fee to Liberum and a placing commission calculated by reference to the aggregate value at the Placing Price of the Placing Shares (together with, at the sole discretion of the Company, an additional commission);

(c) the Company and the Directors have given certain warranties to Liberum as to the accuracy of the information in this document and certain other matters concerning the Company and the Group and the Company has given an indemnity to Liberum and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with Admission;

(d) Liberum's obligations are conditional on (i) Admission occurring by 8.00 am on 23 December 2021 or by such later date no later than 6 January 2022 as may be agreed between Liberum and the Company and (ii) the fulfilment, or waiver by Liberum, of certain procedural and other customary conditions; and

(e) each of the Executive Directors (such directors together holding 23,026,486 Ordinary Shares at Admission representing 45.2 per cent. of the Enlarged Share Capital) has undertaken to the Company and Liberum that, save in specified and customary circumstances summarised below, they will not dispose of any Ordinary Shares held by them (or enter into a transaction with the same economic effect) for the Restricted Period. In addition, the Executive Directors have agreed, for a further period of 12 months following expiry of the Restricted Period not to dispose of any Ordinary Shares except through Liberum with a view to maintaining an orderly market in the Ordinary Shares. There are certain market standard exceptions to these restrictions on disposal set out in the Placing Agreement, including among others, disposals to (in certain circumstances) a person acting in the capacity of a trustee of a trust, disposals in acceptance of a general offer made to all Shareholders, disposals by court order, disposal in the event of financial hardship of an Executive Director who is an employee Shareholder, and disposals by the personal representative after the death of an Executive Director (if applicable); and

(f) Liberum has the right to terminate its obligations under the Placing Agreement prior to Admission in the event of any breach by the Company or any Director of any of their respective obligations or warranties which Liberum considers (in good faith) to be material and in the event of certain force majeure circumstances. If Liberum's obligations under the Placing Agreement are terminated, the Placing will not proceed and no shares will be issued or sold under the Placing.

12.2 ***Nominated Adviser and Broker Agreement***

The Company and Liberum have entered into a nominated adviser and broker agreement (the "**Nominated Adviser and Broker Agreement**") dated 22 July 2021 and made between (1) the

Company and (2) Liberum pursuant to which the Company has appointed Liberum to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Nominated Adviser and Broker Agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to Liberum.

The Company has agreed to pay Liberum an annual advisory fee for its services as nominated adviser and broker under such agreement, payable half yearly in advance from the date of Admission.

The Nominated Adviser and Broker Agreement is terminable, after an initial period of 12 months, upon not less than three months' prior written notice by either the Company or Liberum.

12.3 ***HSBC Term Loan***

The Company is party to a term loan facility (the "**Term Loan**") with HSBC UK Bank plc ("**HSBC**") pursuant to which, approximately, $11.7 million in principal is outstanding. The Term Loan carries an interest rate of 3.25 per cent. and is repayable quarterly at an amount of approximately $1.5m until 23 April 2023 or upon certain exit events, such as a Flotation (as that term is defined therein). As such, the Term Loan and all interest and other amounts due will become repayable in full upon Admission. As security for the Term Loan, certain entities in the Group have entered into a number of corporate cross-guarantees, each of the Executive Directors have provided personal guarantees and the Company, CTUK and CAS have provided all asset debentures in addition to legal assignments and general pledges. It is the intention of the Company to repay the balance of the Term Loan with the proceeds of the Placing shortly following Admission at which time the security provided for this Term Loan will also be released.

12.4 ***CLBILS Loan***

The Company is party to a coronavirus business interruption loan facility (the "**CLBILS Loan**") with HSBC, pursuant to which, approximately $5.6 million in principal is outstanding. The CLBILS Loan is denominated in Pounds Sterling although the Company converts this to US Dollars for ease of reporting as the Term Loan is a US Dollar denominated loan and they are documented together. The CLBILS Loan carries an interest rate of 2.92 per cent. and is repayable monthly at an amount of approximately £200,000 until 13 August 2023 or upon certain exit events, such as a Flotation (as that term is defined therein). As such, the CLBILS Loan will become repayable in full upon Admission. As security for the CLBILS Loan, certain entities in the Group have entered into a number of corporate cross-guarantees, each of the Executive Directors have provided personal guarantees and the Company, CTUK and CAS have provided all asset debentures in addition to legal assignments and general pledges. It is the intention of the Company to repay the balance of the CLBILS Loan with the proceeds of the Placing shortly following Admission at which time the security provided for this CLBILS Loan will also be released.

12.5 ***Great Best International Loan***

The Company is party to a loan (the "**GBIL Loan**") with Great Best International Limited ("**GBIL**"), pursuant to which approximately $2.5 million in principal is outstanding. The GBIL Loan carries an interest rate of 10 per cent. per annum and is due to be repaid by 20 January 2022. The Group has not entered into any form of security in respect of the GBIL Loan in favour of GBIL. It is the intention of the Company to repay the balance of the GBIL Loan with the proceeds of the Placing shortly following Admission.

12.6 ***HSBC Overdraft***

The Company has an overdraft facility (the "**Overdraft Facility**") of up to $4.5 million with HSBC, pursuant to which, approximately $4.5 million is outstanding. Interest is charged at 4 per cent. per annum over the relevant reference rate (i.e. mid-point of FED Target Range for $) or the currency base rate (as set out from time to time on the HSBC website) or the currency standard debit interest rate (as set out on the HSBC website from time to time) if the Overdraft Facility is overdrawn. The Group has not entered into any specific security in relation to the Overdraft Facility, although any existing security provided by the Group to HSBC will also be used to secure this Overdraft Facility. In addition, cash margin may be required from time to time though none has been required to date. It is the intention of the Company to repay the balance of the Overdraft Facility with the proceeds of the Placing shortly following Admission.

12.7 ***CTUK HSBC Committed Trade Facilities***

CTUK has committed trade facilities (the "**CTUK Facilities**") across a number of products including import lines of up to $8 million and guarantees up to £900,000 with HSBC, pursuant to which, approximately $6.9 million is outstanding. Interest is charged on each loan made under a Buyer Loan Option (as that is defined within) at 3.29 per cent. per annum over the base rate for those denominated in Pounds Sterling or at such other rate as agreed between the parties and there is fee payable for non-utilisation of the facility. The Group has not entered into any specific security in relation to the CTUK Facilities, although any existing security provided by the Group to HSBC will also be used to secure these CTUK Facilities. In addition, cash margin may be required from time to time though none has been required to date. It is the intention of the Group to maintain these CTUK Facilities post Admission and the facility has been committed for 12 months following Admission.

12.8 ***IMSJV Trade Facility***

IMSJV has an uncommitted trade facility ("**IMSJV Trade Facility**") from HSBC Bank USA. IMSJV may draw down up to an aggregate limit of $2.4 million under the IMSJV Trade Facility, of which approximately $2.3 million is currently outstanding. Interest is charged at 3.29 per cent. over LIBOR from time to time. The IMSJV Trade Facility is secured by a first priority perfected security interest and lien consisting of all property of IMSJV, including (without limitation) accounts receivable, inventory and intangible items. It is the intention of the Group to maintain the IMSJV Trade Facility post Admission.

12.9 ***CTUK/CAS Debt Purchase Facility***

CTUK and CAS have a joint debt purchase facility (the "**Trade Facility**") with HSBC Invoice Finance (UK) Limited ("**HSBCIF**") of up to an aggregate across both borrowers of £12 million ($15.8 million), pursuant to which approximately $13.0 million is outstanding. The payment percentage is 90 per cent. on a debt purchase and is being provided for working capital. For certain approved countries there is a 0.3 per cent. service charge on the value of each debt and a discount margin of base rate (as defined therein) plus 3.25 per cent. per annum. The Group has not entered into any specific security in relation to this Trade Facility, however, existing fixed charge security over purchased debts that fail to vest and a floating charge provided by both CAS and CTUK and a guarantee provided by these entities plus the Company in favour of HSBCIF can be called on. It is the intention of the Group to maintain this Trade Facility post Admission and the facility has been committed for 12 months following Admission.

12.10 ***Founder Loan Note Instrument***

On 6 April 2017, the Company constituted the Founder Loan Note Instrument which was amended on 15 September 2021, pursuant to which $12,066,824 fixed rate unsecured founder loan notes were created and issued to Simon Phillips. The principal outstanding under the Founder Loan Notes immediately prior to Admission will be $9,900,000.

Pursuant to an agreement dated 16 December 2021 between the Company, Automotive Kinetic Systems Limited, iAQUA Limited (together, being entities controlled by Simon Phillips) and Simon Phillips, Simon Phillips has agreed that part of the amount outstanding under the Founder Loan Note Instrument will be set off against amounts owed to the Group by certain other entities controlled by Simon Phillips with the resulting balance of $6,205,931 being satisfied in full by the issue to him of 3,176,871 new Ordinary Shares at the Placing Price.

12.11 ***Convertible Loan Note Instrument***

On 20 September 2021, the Company constituted $5,600,000 10 per cent. convertible redeemable loan notes ("**Convertible Loan Notes**") pursuant to a convertible loan note instrument (the "**Convertible Loan Note Instrument**"). Pursuant to the Convertible Loan Note Instrument, the Convertible Loan Notes were issued to the Convertible Noteholders.

The Convertible Loan Notes shall automatically convert on Admission to Ordinary Shares in the Company at a 43 per cent. discount to the Placing Price. As a condition to subscribing for the Convertible Loan Notes, each Convertible Noteholder had to sign up to a Lock-in Agreement, under the terms of which, the Convertible Noteholders have undertaken to the Company not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is six months from the date of Admission.

12.12 ***Private Acquisitions Engagement Letter***

On 4 April 2021, the Company entered into an agreement with Private Acquisitions Limited ("**PAL**"), pursuant to which PAL would provide advice and transaction support in connection with the Group's plan to pursue an IPO. The services provided included a feasibility analysis, development of investor marketing materials, introductions to other advisers and general transactional support during the IPO process. In consideration for these services, the Company shall pay to PAL a success fee of one per cent. of the gross proceeds of the Placing Shares.

12.13 ***The Director Loan Conversion Agreements***

Pursuant to agreements dated 16 December 2021 between the Company and the Executive Directors, each of the Executive Directors has agreed to subscribe for, in aggregate, 249,615 new Ordinary Shares (being the Director Loan Conversion Shares) at the Placing Price in satisfaction in full of amounts owed to them under the Director Loans. The principal outstanding, in aggregate, under the Director Loans immediately prior to Admission will be $487,619.

13. Related Party Transactions

The following transactions are the only related party transactions which, as a single transaction or in their entirety, are or may be material (within the meaning of the AIM Rules for Companies) to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document:

13.1 the transactions referred to in note 22 to the financial statements in Part III of this document; and

13.2 the Founder Loan Note Instrument and agreement referred to at paragraph 12.10 of Part V of this document; and

13.3 the Director Loans and Director Loan Conversion Agreements referred to at paragraph 12.13 of Part V of this document.

14. Litigation

14.1 No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries

15. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

16. Significant Change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 30 June 2021, being the date to which the audited financial information in Part III has been prepared.

17. General

17.1 The gross proceeds of the Placing are expected to be £33.6 million, with the total net proceeds of the Placing receivable by the Company after settling fees expected to be approximately

£30.8 million. The total costs and expenses relating to Admission and the Placing (including those fees and commissions referred to in paragraph 12 above) payable by the Company are estimated to be £2.8 million (excluding VAT).

17.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.

17.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 6 January 2022, application moneys will be returned to the Placees at their risk without interest.

17.4 The Placing Price represents a premium of 146.5 pence over the nominal value of 0.5 pence per Ordinary Share.

17.5 Liberum, the nominated adviser and broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the FCA. Liberum has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.

17.6 PKF Littlejohn LLP, the reporting accountant to the Company, is a firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. PKF Littlejohn LLP has given and not withdrawn its written consent to the inclusion in this document of its report in relation to the financial information included in Section B of Part III of this document and accepts responsibility for the same pursuant to Schedule Two of the AIM Rules for Companies.

17.7 BDO LLP, a limited liability partnership having its registered address at 55 Baker Street, London, W1U 7EU is a member firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. BDO LLP is the auditor of the Company and was the auditor of the Company for the financial periods ended 31 December 2020 and 31 December 2019.

17.8 KPMG LLP, a limited liability partnership having its registered address at 15 Canada Square, London, E14 5GL is a member firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. KPMG LLP was the auditor of the Company for the financial period ended 31 December 2018.

17.9 Save as disclosed in Part II of this document, the Group is not aware of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.

17.10 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17.11 It is expected that definitive share certificates will be despatched by hand or first class post within 10 business days of Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as reasonably practical on 23 December 2021.

17.12 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

17.13 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.

17.14 The ISIN for the Ordinary Shares is GB00BMHYGR77.

17.15 Pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

17.16 The accounting reference date of the Company is 31 December.

17.17 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

17.18 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been:

(a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or

(b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.

17.19 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.

18. UK Taxation

The following information is based on UK tax law and HM Revenue and Customs practice currently in force in the UK (2021/22 UK tax year). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person (individual or corporate) who is in any doubt about his or her position should contact their professional advisor immediately.

18.1 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are tax resident in the UK under domestic law and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

(a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5 per cent., of any of the classes of shares in the Company; or

(b) who will be required to treat the Ordinary Shares as "employment related securities" for UK tax purposes; or

(c) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or

(d) who are in any doubt as to their UK taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares (in the case of a temporary non-resident where the Ordinary Shares were acquired in the temporary period of non-residence). Such Shareholders should consult their own tax advisers concerning their tax liabilities.

18.2 *UK dividends*

Where the Company pays dividends no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

UK dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. UK dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

From 6 April 2022 dividend rates applicable to individuals will increase by 1.25 per cent., dividends falling within the basic rate band, higher rate band and additional rate band will be taxed at 8.75 per cent., 33.75 per cent. and 39.35 per cent. respectively. The dividend trust rates will also be increased to 39.35 per cent. from 6 April 2022 to remain in line with the additional rate.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

18.3 *Disposals of Ordinary Shares*

Any capital gain arising on the sale, redemption, transfer, gift, or other disposal of these Ordinary Shares will be taxed at the time of such disposal under UK capital gains tax/corporation tax provisions.

The rate of capital gains tax on the disposal of Ordinary Shares by individuals will depend on their marginal rate of UK tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains accruing to higher or additional rate tax payers being subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

For Shareholders within the charge to UK corporation tax who acquired Ordinary Shares before 1 January 2018, indexation allowance up until 31 December 2017 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a company's taxable profits (including gains) is currently 19 per cent.

From 1 April 2023, the corporation tax main rate will be increased to 25 per cent. applying to profits over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19 per cent. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

18.4 ***Further information for Shareholders subject to UK income tax and capital gains tax***

Transactions in securities

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities". Should these specific provisions apply the result could be to re-characterise capital gains as income.

18.5 ***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 (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

(a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any other market which is not a "recognised growth market" (with the terms "listed" and "recognised growth market" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(b) AIM continues to be accepted as a "recognised growth market" (as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

19. Availability of this document

Copies of this document are available for download at the Company's website at https://ct-automotive.net/

16 December 2021