



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

**Unaudited Interim Results**

OTAQ, the innovative technology company targeting the aquaculture, geotracking and offshore markets, is pleased to announce unaudited interim results for the six months ended 30 September 2022.

**Financial Highlights:**

Group	H1 2022 £'000	H1 2021 £'000	Change %
Revenue	2,026	1,821	11.3
Gross profit	1,034	826	25.2
Adjusted EBITDA*	13	(171)	107.6

\*Adjusted EBITDA (earnings before income, tax, depreciation, exceptional costs, impairment, share option charges and amortisation)

**Strategic and Operational Highlights:**

- Established new Geotracking division
  - Follows successful sales to customers of its prototype technology
  - Successfully applied in multi competitor sports tracking events and for geofencing safety products in industrial markets
  - First order received from Track Tracker for asset tracking in the rail industry
- Completed development of innovative custom-designed sonar for Minnowtech for shrimp market
  - Key growth area with an initial estimated target market size of £24m
- Live Plankton Analysis systems deployed at customer sites in Scotland, Chile and Ireland
  - Prototype versions expected to be installed in January 2023
  - Initial target market estimated to be in the region of £24m
- Increase in rentals of Offshore division's core OceanSense product
  - Development of new technologies in this division supports cross-deployment of skills and technologies in aquaculture and geotracking
- Initial customer contracts signed for Water Quality Monitoring products in Scotland

**Post-Period Highlights:**

- Admitted to trading on the AQSE Growth Market of the Aquis Stock Exchange
- Successful placing and open offer, raising approximately £3.2m net of expenses
  - As a result, cash balances of approximately £2.7m expected as at 30 November 2022 following full settlement of onerous supply contracts and deferred acquisition costs
  - New funds enable the Company to accelerate the development and commercialisation of its strong pipeline of new products

**Commenting on the results and prospects, Phil Newby, Chief Executive at OTAQ, said:**

*"As the Company diversifies, the Board is satisfied with these results, showing improved revenue, gross profit and adjusted EBITDA compared to the same period last year. The Board believes the Group can deliver on the long-term strategic goals it has set out in order to realise OTAQ's potential and significantly increase shareholder value.*

*"The funding recently completed will allow the Group to focus on further product development and allow OTAQ to make additional investment in sales and marketing resource to deliver new revenue and growth. It is notable that, across its key geographies, the Group has several key relationships that are expected to deliver in the near future, with others fast approaching commercialisation.*

*“The Board remains committed to continuing with the launch of innovative new products and significant business development throughout the next period in order to return the Company to growth and improved profitability.”*

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#### **About OTAQ:**

OTAQ is a highly innovative technology company targeting the aquaculture, geotracking and offshore markets. It already has a number of established products in its portfolio and is focused on further developing its presence, customer base and cross selling opportunities within core markets both organically and via acquisition.

OTAQ's aquaculture products, which include a sonar device (developed for Minnowtech LLC) to scan shrimp in ponds and water quality monitoring, are focused on maximising welfare and production yields. Additionally, the Company is developing a potentially game changing live plankton analysis product for finfish and shellfish farmers. It also continues to target opportunities in the acoustic deterrent devices market via its Sealfence product, which is used by salmon farmers, with global opportunities in Chile, Australia, Canada and Norway.

The Company is also developing high accuracy location trackers for specialist applications. Having already added clients within safety and multiple participant sport/racing applications, the Company is investigating wider market potential - including opportunities in the seafood industry.

OTAQ's offshore product range includes OceanSense subsea leak detection, Eagle IP camera systems, Lander seabed survey devices and Subsea electrical connectors and penetrators. It is targeting a number of growth opportunities in new territories and has a strong client base including Expro, Amphenol and National Oilwell Varco. The Company is also focused on the development of new products through this division, with the aim of increased cross-deployment of skills and technologies into the aquaculture arena.

#### **Summary**

The Group presents its unaudited interim results for the six month period ended 30 September 2022.

These interim results are presented following the Company's admission to trading on the Access Segment of the AQSE Growth Market of the Aquis Stock Exchange on 9 November 2022 and the successful placing and open offer raising £3.6m before expenses for the Group. These funds have comfortably addressed the uncertainty expressed at the time of the full year results announced in September 2022 regarding the Company's ongoing cash position. The proceeds of the fundraising will enable the Company to accelerate the development and commercialisation of its strong pipeline of new products in OTAQ's core markets of Aquaculture and Offshore as well as building out the new Geotracking division, which has been launched following successful sales to customers of its prototype technology.

As the Company diversifies, the Board is satisfied with these results, showing improved revenue, gross profit and adjusted EBITDA compared to the same period last year. The Board believes the Group can deliver on the long-term strategic goals it has set out in order to realise OTAQ's potential and significantly increase shareholder value. The focus is to develop the aquaculture market in Scotland, Chile and other global territories with its new products; support and develop the Minnowtech investment in shrimp sonar devices and to penetrate the significant market opportunity for the tracker technology. The anticipated launch of the live plankton analysis system, in collaboration with the Group's strategic partner, Blue Lion Labs, in 2023, is expected to be of significance.

### **Strategy**

The Group's strategy is to further develop operations and revenue streams within the aquaculture, offshore and geotracking industries through new product development and strategic investments and collaborations with third parties. OTAQ has built significant technical resources, organically and through acquisition, to deliver innovative solutions for their customers.

The Company will continue to utilise the skills and technologies available in each of its divisions to accelerate the development of innovative new products for uses Group-wide. Given the potential to develop and deploy technology within each division, the Board believes that shareholder value will benefit from increased levels of product launches and cross-selling.

### **Trading**

As anticipated, revenue has improved in the period to £2.0m (H1 2021: £1.8m) with the Offshore division achieving £1.2m (H1 2021: £0.9m) and the Aquaculture division achieving £0.8m (H1 2021: £0.9m). The Company has reported Adjusted EBITDA\* of £13k (2021: loss £171k)

### Aquaculture

The Aquaculture division revenue includes the balance of revenue from the final acoustic deterrent device customers in Scotland. Aquaculture revenue in Chile includes rentals from acoustic deterrent devices and this is expected to continue in the second half of the year. The division also includes revenue from sales and rentals to customers in other countries, including Finland and Ireland.

Regulation of the aquaculture industry worldwide is still evolving due to the demands of governing bodies who oversee food standards. OTAQ is continuing discussions with Subpesca, the Chilean authority tasked with aquaculture regulation, around use of the Group's acoustic deterrent technology and is also continuing with trials in Tasmania regarding acoustic deterrent use. The Board has now ended all marketing and selling activities in relation to acoustic deterrents in Scotland.

Notable new product developments in the Aquaculture division include:

### Shrimp Biomass

The Group has completed the development of an innovative and custom-designed sonar for Minnowtech that scans shrimp in ponds. Minnowtech is viewed as a key growth area with an initial estimated target market size of £24m, based on the number estimated shrimp ponds in early target markets.

### Live Plankton Analysis System

Through its collaboration with Blue Lion Labs in Canada, the Group has developed AI software which monitors water quality by identifying phytoplankton which enables farmers to take immediate mitigating actions as required. To date, 14 development systems have been deployed at customer sites in Scotland, Chile and Ireland with prototype versions expected to be installed in January 2023. The initial target market is estimated to be in the region of £24m.

### Water Quality Monitoring

Monitoring the quality of finfish cage water is an important factor in increasing yields and improving fish welfare. Following on from initial customer contracts signed in Scotland, the Board believes there is an initial estimated target market of £32m based on a rental model.

### Offshore

The Offshore division produces a range of marine technology products for offshore industries, supplying customers around the world including subsea oil and gas, remotely operated vehicle operations, commercial diving and oceanographic research, with growth opportunities in the offshore renewables sector. The division has performed well during the period and continues to benefit from the customer rental contract agreed in the last financial year. This has helped to increase rentals of the division's core OceanSense product. In addition, the development of new technologies in this division permits cross-deployment of skills and technologies into the aquaculture and geotracking arenas.

#### Geotracking

Building upon the ROS Technology acquisition in late 2020 and using the Group's existing technology and skill set, the Group has developed highly accurate personnel and asset tracking devices which are now being marketed for multi competitor sports tracking events and for geofencing safety products in industrial markets.

The Company achieved its first order from Track Tracker Limited in September, which deploys a highly accurate geofencing product to help protect workers operating in a high risk environment, in this case railway track maintenance engineers. The Board believes there to be an estimated initial target market size of £13m through its relationship with Track Tracker.

#### Financial Highlights for the six months ended 30 September 2022

Group	H1 2022 £'000	H1 2021 £'000	Change %
Revenue	2,026	1,821	11.3%
Gross profit	1,034	826	25.2%
Adjusted EBITDA*	13	(171)	107.6%

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

	H1 2022 £'000	H1 2021 £'000
Operating loss	(388)	(747)
Amortisation of intangible assets	115	120
Depreciation of right-of-use assets	86	77
Depreciation on property, plant and equipment	200	379
<b>Adjusted EBITDA</b>	<b>13</b>	<b>(171)</b>

Adjusted EBITDA improved to a profit of £0.01m from a loss of £0.17m in 2021. This improvement resulted from increased Revenue in the period and improved overhead cost control but also a change in the sales mix and the related gross margins.

Net debt as at 30 September was £1.56m (2021: £1.29m). However, following the successful completion of the fundraise on 9 November 2022, the Company expects to have cash balances of approximately £2.7m as at 30 November 2022 after payment of all deferred acquisition costs, fundraising fees and the amounts owed under the legacy Sealfence supply contract.

#### Outlook

As a result of the Group diversifying and developing its interests, the Board now anticipates a period of adjustment whilst its new products are launched and developed commercially. The funding recently completed will allow the Group to focus on ensuring these products are correct for the markets in which they are intended and to make additional investment in sales and marketing resource in order to deliver new revenue and growth as quickly as possible. The Group's investment, collaboration and supply agreement with Minnowtech is expected to deliver new sales in the near future as is the Group's relationship with Track Tracker for our tracking technology. The investment in Blue Lion Labs and the resulting development of harmful algal bloom detection technology is nearing commercialisation with collaborations underway with potential customers in Chile, Scotland and Australia. The Offshore division has launched new products with more under development and the Group is investing in additional sales resources, particularly in North America, with a view to developing these large markets.

The Board remains committed to continuing with the launch of innovative new products and significant business development throughout the next period in order to return the Company to growth and, ultimately, profitability.

**Phil Newby**

**Chief Executive Officer**

The Board confirms that to the best of its knowledge the consolidated half year financial statements for the six months to 30 September 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* amended in accordance with changes in IAS 1 *Presentation of Financial Statements*, as adopted by the UK

## Unaudited Condensed Consolidated Statement of Comprehensive Income

		Half-year ended	
	Notes	30 September 2022 £000	30 September 2021 £000
<b>Revenue</b>	1	2,026	1,821
Cost of sales		(992)	(995)
<b>Gross profit</b>	1	1,034	826
Administrative expenses		(1,422)	(1,573)
<b>Operating loss</b>		<b>(388)</b>	<b>(747)</b>
Finance expense		(104)	(105)
Other income	2	-	93
Exceptional items	3	(46)	(122)
<b>Loss on ordinary activities before taxation</b>		<b>(538)</b>	<b>(881)</b>
Taxation		-	-
<b>Loss for the period</b>		<b>(538)</b>	<b>(881)</b>
Other comprehensive loss		-	-
<b>Total Comprehensive Loss</b>		<b>(538)</b>	<b>(881)</b>
<b>Attributable to:</b>			
The Group		(538)	(881)

As per note 4, Losses Per Share were 1.4p (2021: loss 2.8p) and Diluted Losses Per Share were 1.4p (2021: loss 2.8p).

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

There were no other items of comprehensive income for the period (2021: £nil) and therefore the loss for the period is also the total comprehensive loss for the period.

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

## Unaudited Condensed Consolidated Balance Sheet

	Notes	30 September 2022 £000	30 September 2021 £000	31 March 2022 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Plant and equipment		736	1,466	919
Right-of-use assets		388	488	434
Unlisted investments		511	511	511
Intangible assets		3,078	3,179	2,970
		<u>4,713</u>	<u>5,644</u>	<u>4,834</u>
<b>Current assets</b>				
Inventories		1,163	1,068	1,182
Trade and other receivables		936	1,017	1,766
Income tax asset		139	177	155
Cash and cash equivalents		519	1,160	1,008
		<u>2,757</u>	<u>3,422</u>	<u>4,111</u>
<b>Total assets</b>		<u>7,470</u>	<u>9,066</u>	<u>8,945</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		524	1,400	1,243
Deferred payment for acquisition		236	187	213
Leases		173	155	161
Financial liabilities	5	426	353	421
		<u>1,359</u>	<u>2,095</u>	<u>2,038</u>
<b>Non-current liabilities</b>				
Deferred tax		80	176	80
Leases		199	321	255
Financial liabilities	5	1,182	1,607	1,392
		<u>1,461</u>	<u>2,104</u>	<u>1,727</u>
<b>Total liabilities</b>		<u>2,820</u>	<u>4,199</u>	<u>3,765</u>
<b>Net assets</b>		<u>4,650</u>	<u>4,867</u>	<u>5,180</u>
<b>Capital and reserves</b>				
Share capital	6	5,664	4,708	5,657
Share premium	6	3,281	2,905	3,280
Share option reserve		150	225	150
Merger relief reserve		9,154	9,154	9,154
Reverse acquisition reserve		(6,777)	(6,777)	(6,777)
Other reserve		384	297	384
Revenue reserve		(7,206)	(5,645)	(6,668)
<b>Total equity</b>		<u>4,650</u>	<u>4,867</u>	<u>5,180</u>

## Unaudited Condensed Consolidated Statement of Changes in Equity

	Issued Equity capital £000	Share Premium £000	Share option reserve £000	Merger relief reserve £000	Reverse acquisitio n reserve £000	Other Reserve £000	Revenue Reserve £000	Total Equity £000
<b>At 31 March 2021</b>	<b>4,614</b>	<b>2,897</b>	<b>473</b>	<b>9,154</b>	<b>(6,777)</b>	<b>136</b>	<b>(4,764)</b>	<b>5,733</b>
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(881)	(881)
Transfer on exercised options	87	-	(248)	-	-	161	-	-
<b>At 30 September 2021</b>	<b>4,708</b>	<b>2,905</b>	<b>225</b>	<b>9,154</b>	<b>(6,777)</b>	<b>297</b>	<b>(5,645)</b>	<b>4,867</b>
<b>At 31 March 2022</b>	<b>5,657</b>	<b>3,280</b>	<b>150</b>	<b>9,154</b>	<b>(6,777)</b>	<b>384</b>	<b>(6,668)</b>	<b>5,180</b>
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(538)	(538)
Issues of shares	7	1	-	-	-	-	-	8
<b>At 30 September 2022</b>	<b>5,664</b>	<b>3,281</b>	<b>150</b>	<b>9,154</b>	<b>(6,777)</b>	<b>384</b>	<b>(7,206)</b>	<b>4,650</b>



## Unaudited Condensed Consolidated Statement of Cash Flows

	Half-year ended	
	30 September 2022 £000	30 September 2021 £000
<b>Cash flows from operating activities</b>		
Loss after interest and tax	(538)	(881)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	200	379
Depreciation of right-of-use assets	86	77
Interest expense	104	105
Amortisation of intangible assets	115	120
Shares issued as part of Share Incentive Plan	8	15
<i>Changes in working capital:</i>		
Decrease / (increase) in inventories	19	(169)
Decrease / (Increase) in trade and other receivables	830	(158)
Decrease in trade payables and other payables	(719)	(448)
Cash inflow / (outflow) from operating activities	105	(960)
Tax credit received	16	109
<b>Net cash inflow / (outflow) from operating activities</b>	<b>121</b>	<b>(851)</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(17)	(336)
Purchases of intangible fixed assets	(223)	(420)
Acquisition of unlisted equity securities	-	(214)
Payment of deferred consideration	(15)	(38)
<b>Net cash outflow from investing activities</b>	<b>(255)</b>	<b>(1,008)</b>
<b>Cash flow from financing activities</b>		
Loans repayments	(205)	(40)
Grant funding received	-	93
Principal element of lease payments	(44)	(58)
Interest paid	(106)	(96)
<b>Net cash outflow from financing activities</b>	<b>(355)</b>	<b>(101)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(489)</b>	<b>(1,960)</b>
Cash and cash equivalents at the start of the period	1,008	3,120
<b>Cash and cash equivalents at the end of the period</b>	<b>519</b>	<b>1,160</b>

**1. Segmental information**

In a change to the year ended 31 March 2022, [with effect from] 30 September 2022 the Group operated as three primary segments, being the rental and sales of aquaculture products (Aquaculture), rentals of underwater measurement and leak detection devices in the Offshore market and the development and manufacture of products for geo-tracking industries (Trackers). This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the CEO) to make decisions about resources, and for which financial information is available. All revenues have been generated from continuing operations and are from external customers. For this period, financial information is disclosed based on materiality levels and the size of the segments meaning only Aquaculture and Offshore are separately disclosed:

	<b>Half-year ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of revenue</b>		
Aquaculture equipment rentals, sales and associated charges	808	911
Offshore equipment rentals, sales and associated charges	1,218	910
	2,026	1,821

	<b>Half-year ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of gross profit</b>		
Aquaculture equipment rentals, sales and associated charges	333	344
Offshore equipment rentals, sales and associated charges	701	482
	1,034	826

**2. Other income**

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

### 3. Exceptional items

Exceptional items include £0.05m of one-off employee expenses and legal fees.

### 4. Losses per share

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

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

	Half-year ended	
	30 September 2022 £000	30 September 2021 £000
Loss for the period attributable to the owners of the Group	(538)	(881)
Weighted average number of shares:		
- Basic	37,743,044	30,957,487
- Diluted	38,003,944	32,484,532
Basic earnings per share (pence)	(1.4)	(2.8)
Diluted earnings per share (pence)	(1.4)	(2.8)

### 5. Loan repayment

During the period, the Group repaid £0.21m of loans provided under the Coronavirus Business Interruption Loan Scheme.

### 6. Share capital and share premium

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

	30 September 2022 £000	30 September 2021 £000
Allotted, called-up and fully paid: 37,758,052		
Ordinary shares of £0.15 each (2021: 31,388,369 of £0.15 each)	5,664	4,708

Movements in ordinary shares:

	Number of shares No.	Share capital £000	Share premium £000	Total £000
At 31 March 2022	37,716,250	5,657	3,280	8,937
Shares issued	41,802	7	1	8
At 30 September 2022	37,758,052	5,664	3,281	8,945

## 7. Financial instruments – classification and measurement

### Financial assets

Financial assets measured at fair value include the following:

	Half year ended	
	30 September 2022	30 September 2021
	£'000	£'000
Unlisted equity securities	297	297
Investments made in unlisted equity securities	214	214
	<hr/>	<hr/>
	511	511
	<hr/>	<hr/>

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

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2022 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2022 and any public announcements made by OTAQ PLC during the interim reporting period. This interim financial information has not been reviewed nor audited by the auditors. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new amended standards as set out below.

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

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

### ***Going concern***

The Directors have considered going concern and a range of scenarios has been reviewed. On 9 November 2022, the Company issued new ordinary shares of 1 pence nominal value for gross proceeds of approximately £3.60m. The Directors believe that these funds are adequate for the Group to continue to trade for the next twelve months. For this reason, the Directors continue to adopt the going concern basis in preparing the Interim Financial Statements.

### ***Significant estimates and judgements***

The Group shall assess at each reporting date whether there is any indication that non-current assets may be impaired. The Directors believe that at the half-year reporting period ended 30 September 2022 no indicators of impairment existed. The Directors continue to monitor regulatory and market developments and their impact on the carrying value of the assets.

## 9. Events occurring after the reporting period

On 7 November 2022, the Company held a shareholder general meeting and passed the required resolutions to allow admission of the Company's share capital to trading on the Access Segment of the AQSE Growth Market which took effect on 9 November 2022. On this date, the Company issued 90,000,000 new ordinary shares for gross proceeds of £3.60m. The existing 37,758,052 ordinary shares of 15 pence each were cancelled and 37,758,052 new ordinary shares of 1 penny each were issued with 37,758,052 deferred shares issued each with a nominal value of 14 pence. The deferred shares carry no voting rights and no rights to dividends.