



**Registered number 01885075**

**Annual report and financial  
statements**

**For the year ended 30 June 2024**

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## Directors and advisers

### Directors

N F Rogers (Executive Chairman)  
R E Maughan (Managing Director)  
M Segal (Chief Financial Officer)  
S Parker (Non-Executive Director) <sup>(1,2)</sup>  
C B Wilson (Non-Executive Director) <sup>(1,2,3)</sup>  
R J Westhead (Non-Executive Director) <sup>(1, 2)</sup>

1 Member of the Audit and Risk Committee

2 Member of the Remuneration Committee

3 Appointed 1 July 2024

### Company Secretary and Registered Office

M Segal  
1 Landscape Close  
Weston-on-the Green  
Bicester  
Oxfordshire  
OX25 3SX

### Auditor

Cooper Parry Group Limited  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

### Bankers

HSBC Bank plc  
63 Cornmarket Street  
Oxford  
OX1 3HY

### Nominated Adviser & Broker

Allenby Capital Limited  
5th Floor  
5 St Helen's Place  
London  
EC3A 6AB

### Registrars

Neville Registrars Limited  
Neville House  
Steelpark Road  
Halesowen  
B62 8HD

Registration Number 01885075

## Financial Highlights

- Revenue up 18% to £4.18m (FY23: £3.53m)
- Translogik revenue up 9% to £1.12m (FY23: £1.03m)
- SAWsense revenue reduced by 8% to £0.45m (FY23: £0.49m), with high growth in second half contributing more than 80% of full year segmental revenue
- Bridgestone iTrack royalty income up 30% to £2.61m (FY23: £2.01m)
- Gross margin 87% of revenue (FY23: 87%)
- Adjusted profit before taxation up 20% to £1.31m (FY23: £1.09m) \*
- Earnings per share up 15% to 10.13 pence (FY23: 8.81 pence)
- Cash and cash equivalents at year end of £1.28m (FY23: £0.98m)
- Completed share buybacks of £0.32m (FY23: £0.40m)
- Distributable reserves at year end of £3.44m (FY23: £2.20m)

\*Before exceptional administrative expenses

## Chairman's Statement for the year ended 30 June 2024

The Company continues to deliver both revenues and profitability in line with the expected growth trajectory, whilst stepping up spending on commercial, engineering and operational capabilities to accelerate future growth in revenues. This investment has centred on introducing talented and experienced people at all levels within the organisation, resulting in a considerable strengthening of the team during the year.

### Business Strategy

The business strategy of the Company remains to develop innovative sensing solutions across a range of applications, which are commercialised either through the launch of products and services to customers or by forming strategic alliances with partner organisations. Value is realised through a combination of commercial income, royalties, licensing income and capital gains on disposals. There are currently two active business segments: Translogik and SAWsense.

Translogik develops and supplies smart, connected tyre inspection equipment for the commercial truck and bus market, and SAWsense designs and supplies advanced sensor solutions for accurate non-contact measurement of torque, force, pressure and temperature for aerospace, electric motors and drives (EMD), industrial machinery and high-performance automotive sectors. In addition, the Company earns residual royalty income from Bridgestone iTrack, a system developed by the Company for monitoring mining haul tyre performance which was licenced to Bridgestone Corporation for a ten year period expiring in 2030.

Progress in the development of each of these segments during the year and plans for the future are discussed in the Operating and Financial Review on pages 7 to 12. The directors consider that there are positive market drivers across all of our key target market sectors which provide ample opportunity to expand both businesses in a sustainable manner.

### Financial Overview

The reported results show revenue of £4.18m equating to a growth of 18% and profit before tax up by 46% to £1.27m. Earnings per share was up by 15% to more than 10 pence.

During the year the Company renewed its ten year lease in Oxfordshire and made substantial investment in reconfiguring the facility to accommodate increased production and engineering capacity, and developing the intellectual property base. Further investment is anticipated in the current financial year to ramp up production and strengthen the supply chain.

The financial position continued to strengthen with net assets increasing to £5.57m or 37 pence per share (FY23: £4.19m and 28 pence respectively), and available cash resources increased to £1.28m (FY23: £0.98m). The company bought back shares for treasury at a cost of £0.32m during the year, to add to the £0.71m purchased in prior years at an average total cost of £0.84p per share. Distributable reserves (net of treasury shares) closed at £3.44m (FY23: £2.20m).

The directors are confident that the Company has the financial resources necessary to continue to fund expected growth in the business, invest for the future, and consider further returns to shareholders.

### Corporate Governance, Board Structure and Composition

The directors are committed to the framework and principles of the QCA Corporate Governance Code ("the Code") and seek to apply these wherever this is practicable. Full application of the Code, with the implications that this may have on board and compliance costs, is counterbalanced by the scale of the Company and the relatively low risk profile of its operations.

The board currently comprises the Executive Chairman, three independent non-executive directors, and two executive directors. Ryan Maughan was appointed Managing Director in March 2024 having previously served at Business Development Director, assuming responsibility for all engineering and operational activities of the Company in addition to his commercial responsibilities.

## Chairman's Statement (continued)

Craig Wilson joined the board with effect from 1 July 2024 as an independent non-executive director. Prior to his appointment, he was Chief Executive at Williams Advanced Engineering where he led the transformation of the business from its roots in Formula One racing to provide innovative technology across a range of industry sectors. His experience and network are highly relevant to the opportunities now evident in the Company's business.

Rodney Westhead has confirmed his intention to retire from the Board and he will not seek re-election at the upcoming Annual General Meeting scheduled to take place in November 2024. The Board is satisfied that reverting to a five person Board with two independent non-executive directors represents an appropriate degree of constructive challenge to the executive team.

The directors maintain regular dialogue with major shareholders on the development of the business and associated governance matters. Stephen Parker, appointed as an independent non-executive director in May 2023, has been identified as the Senior Independent Director to whom any shareholder enquiries relating to the governance of the Company can be addressed. There are also opportunities for regular engagement with all shareholders, such as periodic updates on the Investor Meet Company platform, with full details set out on the company's website.

### Distribution Policy

Since February 2022, when the Company first announced the commencement of a programme to conduct market purchases of ordinary shares of 10 pence each in the Company, a total of 1,217,856 ordinary shares have been acquired for treasury at an average price of 84 pence each. The Directors continue to monitor market activity relative to the prospects for the Company, and will execute further market purchases should suitable opportunities arise, subject to the renewal of shareholder approval for such action at the upcoming Annual General Meeting.

The board has given careful consideration to the commencement of dividend payments, however this is considered premature in view of the opportunities to continue to invest in the development of operating business segments for enhanced future returns. Accordingly, the Directors do not recommend the payment of a dividend at the present time.

### Current Trading and Outlook

Trading in the period since the financial year end has been strong, with revenues approximately 60% ahead of the corresponding period last year and profits showing good progress despite increased overhead costs. The depth and scale of customer engagements across the Company's two trading segments is intensifying.

Translogik is now positioned to convert new business for its tyre management products directly with fleet customers and has several large potential contracts under negotiation. We are also bringing the manufacture and assembly of the full range of Translogik products in-house facilitated by our premises reconfiguration. We are confident this change will further improve customer service, product quality, availability and cost.

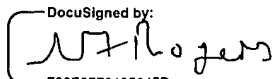
Since the end of the financial year, SAWsense has announced its participation in the PULSE project in the electric vehicle technology, and has also progressed several other customer funded projects, particularly in the aerospace sector. These chargeable activities underpin forecast growth in the short to medium term and indicate a level of commitment by our customers to pursue full scale industrialisation thereafter.

The Board is pleased with the progress made and remains confident in the growth prospects over the remaining six year period in which royalty income will be derived from Bridgestone iTrack and into the next decade.

### Nigel Rogers

Executive Chairman

20 September 2024

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## Strategic Report

### Operating and Financial Review

#### Results for the Year

Revenues for the year increased by 18% to £4.18m (FY23: £3.53m), with SAWsense slightly reduced by 8% and Translogik up 9%. Revenue from these two operating segments was heavily weighted towards the second half of the year as growth gathered momentum. Royalty income from Bridgestone iTrack increased by 30%, reflecting increased conversion of new installations in the year. The Company's gross margin was maintained to 87% of revenue (FY23: 87%) amounting to £3.65m (FY23: £3.05m).

Administrative expenses increased to £2.37m (FY23: £2.09m), before exceptional severance costs of £0.05m (FY23: £0.22m). This increase reflects the investment in new people recruited in the second half of the year to secure and deliver new customer contracts, which will impact more visibly in revenue in the coming financial year.

Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) adjusted for the charge for exceptional costs and share-based payments was £1.71m (FY23: £1.40m), and the adjusted net profit before taxation (excluding exceptional costs) was £1.31m (FY23: £1.09m).

There was a credit for taxation of £0.30m (FY23: £0.53m) arising from the increase in the deferred taxation asset relating to the use of previous years' tax losses in the future, reflecting a future forecast period of three years. Previously we looked forward two years but increased this to reflect the projected profitability through to 2030 when the losses will likely be near to being exhausted. In total, the Company has UK tax losses available to carry forward at 30 June 2024 of £20.7m, available for offset against future profits, subject to HMRC agreement, of which approximately £5.90m is currently recognised for deferred taxation purposes (FY23: £4.70m).

The resulting net total comprehensive income attributable to equity shareholders for the year was £1.57m (FY23: £1.40m) resulting in earnings per share (EPS) of 10.13 pence (FY23: 8.81 pence).

#### Segmental Review

##### *Translogik*

Our range of tyre inspection equipment marketed under the Translogik brand generated revenue of £1.12m; an increase of 9% over the prior year (FY23: £1.03m). Gross margin reduced slightly to 54% (FY23: 57%) largely due to foreign exchange movements. The segmental overhead increased from £0.17m to £0.22m and closed at an annualised rate closer to £0.30m, following the appointment of new personnel in both the commercial and operational areas. The new talents they bring to the Company will facilitate strong growth in the business in the coming year. The segmental operating profit, for the year of £0.38m (excluding exceptional costs) reflects the increased overhead (FY23: £0.42m).

The main existing market for Translogik products is with global tyre manufacturers who use the tools in their commercial vehicle businesses to enable rapid and accurate tyre inspection data to be captured. This data is captured and analysed with the customer's own software systems and used to help manage large fleet tyre usage and deliver traceable records for legislative compliance. Significant opportunities to grow the business in the road haulage and transport sector have been identified, by providing tyre inspection tools and data management software to a wider section of the market.

In order to deliver this, the business has collaborated with a leading developer of tyre management software to develop a simple and more accessible entry level tyre inspection solution that can be easily integrated into their existing business information systems. As vehicle operators are subject to increasing road safety regulations, including the mandatory use of tyre pressure monitoring systems (TPMS) in the EU from 2024 and the US from 2028, regulations for mandatory vehicle inspections and digital record keeping and the increasing adoption of radio frequency identification tags (RFID) for tyre inventory management there is a strong business case for the adoption of Translogik solutions.

## Strategic Report (continued)

The Company's directors ("Directors") continue to estimate an addressable market for fleet management tools exceeding US\$25m per annum, and this leads us to believe that Translogik provides the capacity to accelerate segmental revenue in the next three to five years. In order to deliver on this potential, Translogik has been working to grow its operational, product engineering and business development capacity, making several new key hires in the period. This will also facilitate the in-house production of the full product range in place of the outsourcing model in use previously, with the aim to further enhance customer service, product availability, quality and cost.

### **SAWsense**

SAWsense revenues were down slightly at £0.45m (FY23: £0.49m) and with operating overheads slightly increased, the net loss (before exceptional costs) for the segment rose to £0.71m (FY23: £0.55m). Revenue and overhead expenses were both weighted strongly towards the second half of the year, as the commercial momentum in the business gathered pace and additional engineering personnel were recruited to deliver new customer funded development projects.

Our market approach for SAWsense continues to focus on four sectors in which there are applications with clear differentiated benefits, and we have made further substantial progress in each during the year. There are now active customers in each key segment and ongoing development projects that have moved from small initial feasibility studies into significant funded engineering programs to design SAW sensing technology into customers new products.

#### **Target market sectors for SAWsense:**

### **Aerospace**

Transense continues to build a strong base in the aerospace market. The established relationship with GE Aerospace ("GE") is growing as they scale up their T901 engine program in readiness for production and integrate SAWsense into new propulsion systems such as in their HEAT and RISE development projects. The Company is quoting for a variety of additional support activities to help GE and its supply chain deliver increasing quantities and future engine programmes.

In the second half of the year, the Company announced a new landing gear project with Airbus commencing in April 2024 (LANDOne), which is anticipated to deliver £0.5m of R&D income over its two-year duration. Towards the end of the year, the Company commenced a new aircraft engine torque sensor development programme with a new customer. In addition to these programmes and the other ongoing business the Company has with major aerospace customers, there remains a healthy pipeline of opportunities within the aerospace market with both existing and new customers.

SAWsense technology is becoming increasingly well understood and accepted in the aerospace market and is now well proven as a solution in key applications.

As a result, the Directors continue to believe there is a realistic goal for annual revenue from development, engineering services and component supply into this sector by SAWsense in the range of US\$5-10m by 2030, with significant upside opportunity.

### **Electric Motors and Drives (EMD)**

Using SAWsense technology to measure torque and/or temperature in electric motors enables improved performance, efficiency, and functional safety, and provides opportunity to reduce material costs, particularly of rare earth materials in permanent magnet motors.

Unlike our other key target sectors, the use of real time torque data to control electric motors and drives is not common practice, and instead controls are reliant upon traditional torque estimation methods with roots going back decades.

## Strategic Report (continued)

During the year, the Company completed the project to simulate the benefits of incorporating SAWsense technology into electric motors and extended this work to hardware in the loop testing of a representative electric vehicle propulsion motor and controller. This work has yielded significant insights enabling the Company to better promote the technology into this sector.

SAWsense recently announced its participation in the Power-electronics Upscale for Localisation and Sustainable Electrification ("PULSE") project, a collaborative R&D project that will be part funded by the UK Government through the Advanced Propulsion Centre and will be led by In-Wheel Motor drive system manufacturer Protean Electric ("Protean"). This project follows around twelve months of work funded by Protean to carry out initial feasibility studies and concept engineering of SAWsense technology in their class leading In-Wheel Motor systems. The project aims to industrialise these systems and allow Transense to develop higher volume manufacturing techniques to prepare for Protean's production requirements, with clear benefits to other running projects.

In addition, we continue to work with Tier 1 automotive business Novares on integrating sensing technology into their electric motor componentry. Towards the end of the year, the Company commenced a new torque sensor development project in an electric drive system with a confidential major European Tier 1 electronics customer, and has an exciting pipeline of other opportunities in this sector.

## Industrial Machinery (including Off-Highway Vehicles and Robotics)

The use of SAWsense technology for torque and/or temperature measurement can improve accuracy, efficiency and power distribution in industrial machinery ranging from robotics to agricultural machinery. Enhanced sensing is also required to enable more autonomous operation of machinery. During the year, the business secured two programmes with manufacturers of robotic machinery for initial feasibility studies and prototype supply. The feasibility studies were successfully completed but delivery of prototype parts scheduled to take place in the final quarter slipped into the next financial year due to engineering and production capacity constraints. The business has a pipeline of opportunities in this space.

The global market for force and torque sensors for industrial robotics was estimated to be worth US\$300m in 2022 and was forecast to grow to more than US\$650m by 2028. Engagement with a select group of leading companies in this industry indicates that SAW technology can provide an improved way to measure torque and temperature in a robotic system, increasing the speed and accuracy of the robot by reducing joint flex and motor jitter. This in turn offers increased load capacity and productivity, and because of this we believe that this valuable differentiation results in more than US\$50m per annum of the robot torque sensor market to be addressable by our technology by 2028.

## Motorsport

SAWsense continues to work closely in the premium motor sport sector with our partner, McLaren Applied Limited (MAL). Motorsport revenues were subdued by a delay with one key race series, however MAL is now supplying torque sensing systems using SAWsense technology into a broader range of motorsport series including IndyCar, Le Mans Daytona Hybrid (LMDH) and others.

In these demanding applications SAWsense has proven to be more reliable and accurate than competitor systems, offering a lower lifecycle cost to event organisations and race teams. Whilst motorsport is a niche sector, we estimate that the addressable market for motorsport torque measurement exceeds US\$25m per annum and believe that there are unique characteristics in our technology that will enable MAL and SAWsense to develop the current opportunity pipeline into a significant market share.

Success in these motor sport applications demonstrates the performance and reliability of the technology in harsh operating conditions.

## Strategic Report (continued)

### **Business Development Activities**

SAWsense continues to make progress raising the visibility and awareness of the business divisions in their key markets, driven by developing informative and engaging video content and conference presentations, as well as an increased level of trade show attendance which the business intends to continue in the next financial year.

Enquiries are carefully qualified and those that meet our criteria for technical and commercial fit enter a standardised process through a number of stage gates. Passage through this mechanism can take several months before reaching agreement on a funded development project to instrument a demonstration unit and carry out performance assessment. Beyond that, there are many other factors to evaluate (including for example production methods, supply chain and associated cost) before customers are ready to commit to full scale commercial implementation.

Overall, it is realistic to expect that achieving volume production in highly regulated markets such as aerospace and automotive will take three to five years, during which period customers will have the capacity and willingness to fund further development work.

This process has been underway for more than one year, and progress has been made both in the number of active qualified enquiries which has increased from 57 to 71, and the depth of engagement indicated by projects moving from initial enquiry, through to feasibility studies and then progressing to customer funded development projects. The number of customers funding such projects has increased from 10 to 13, and value of quoted work to support these more advanced programmes has also increased by an order of magnitude, as set out below:

#### **Status of potential customers by sector as at September 2024 (September 2023)**

	<b>Aerospace</b>	<b>Electric Motors &amp; Drives</b>	<b>Industrial Machinery</b>	<b>Performance Automotive</b>	<b>Total</b>
Stage 4 - Contracted	1 (1)	0 (0)	0 (0)	1 (1)	2 (2)
Stage 3 – (Production) Contract under negotiation	1 (2)	0 (0)	0 (0)	0 (0)	1 (2)
Stage 2 – In funded development	4 (1)	3 (3)	2 (1)	1 (1)	10 (6)
Stage 1a – Development project in planning	3 (3)	1 (2)	2 (1)	0 (1)	6 (7)
Stage 1b – Active enquiry	5 (7)	27 (24)	17 (8)	2 (1)	51 (40)
<b>Total</b>	<b>14 (14)</b>	<b>32 (29)</b>	<b>21 (10)</b>	<b>4 (4)</b>	<b>70 (57)</b>

### **iTrack Royalty Income**

Royalty income from Bridgestone iTrack generated income of £2.61m during the year, representing an increase of 30% over the prior year (FY23: £2.01m). Over the four completed years since the inception of the licence, it has generated more than £7m in royalty income. New installations ran at an improved rate during the year, reaching an annualised royalty rate of US\$3.67m by 30 June 2024.

Bridgestone Corporation, Japan has rebranded the technology as Bridgestone iTrack and has accelerated social media and direct marketing of their products after renaming the relevant subsidiary Bridgestone Mining Solutions Technology Limited (formerly ATMS Technology Limited). Bridgestone iTrack continues to be a key strategic component of their mobility solutions business.

## Strategic Report (continued)

### Financial Position and Cash Flow

The Company's financial position strengthened further during the year with net assets increasing to £5.56m at 30 June 2024 (FY23: £4.19m) as a result of the retention of net profits after taxation. Net available cash balances amounted to £1.28m at the year end (FY23: £0.98m), and the final quarter royalty income on Bridgestone iTrack receivable on 31 July 2024 amounted to £0.70m (FY23: £0.54m).

Net cash generated from operations amounted to £1.45m (FY23: £0.65m). This was re-invested in capital expenditure of £0.83m (FY23: £0.26m) and in the share buy-back programme during the year totalling £0.31m (FY23: £0.41m). The directors anticipate that the Company will continue to be cash generative for the foreseeable future and will accumulate further cash balances well in excess of any proposed new buy-back programme.

### Going Concern

The Company meets its day to day working capital requirements through existing cash reserves and does not currently require an overdraft or other borrowing facility. The directors have prepared cash flow forecasts for the period to 30 June 2026 which indicate that there is a reasonable expectation that the Company will continue to operate within current and future cash resources throughout this period. Accordingly, these financial statements have been prepared on the going concern basis.

## Strategic Report (continued)

### Key Performance Indicators

The following KPIs are some of the tools used by management to monitor the performance of the operating business. In addition to the KPIs, the statement of financial position and cash flow analysis are reviewed at monthly Board meetings.

<b>KPIs</b>		
	<b>FY 24</b>	<b>FY 23</b>
<b>Turnover - (£m)</b>	4.18	3.53
<b>Adjusted EBITDA – (£m) *</b>	1.71	1.40
<b>EBT - (£m)</b>	1.27	0.87
<b>EPS - attributable to shareholders (Pence)</b>	10.13	8.81
<b>Closing share price (Pence)</b>	1.25	86.5
<b>Net cash generated in operations (£m)</b>	1.56	0.65
<b>Closing cash balance (£m)</b>	1.28	0.98
<b>Cash per Share (Pence) **</b>	8.4	6.2
<b>Consolidated Net Assets (£m)</b>	5.57	4.31
<b>Net Assets/Share (Pence) **</b>	36.57	27.85
<b>Market Capitalisation at year end (£m) **</b>	19.02	13.44
<b>Shares in issue (million) **</b>	15.2	15.5

**Strategic Report (continued)**

\*Adjusted EBITDA excludes the charge for share based payments £0.13m (2023: £0.10m) and exceptional administrative expenses £0.05m (2023: £0.22m).







\*\*Based on free shares in issue of 15,219,884 (2023: 15,542,384). Free shares are calculated based on the total issued share capital of 16,437,740 less Treasury shares of 1,217,856 (2023: 895,356).

**Principal risks and uncertainties**

Risk management is essential as part of the management process. Regular reviews are undertaken to assess the nature and magnitude of risks faced and the manner in which they may be mitigated. Where controls are in place, their adequacy is monitored.

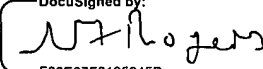
Risk and Uncertainty	Details of Risk & Impact	Mitigation	Year on Year change in risk FY 24	Year on Year change in risk FY 23
<b>Suppliers and Raw Materials</b>	Due to various worldwide events, including the conflict in the Middle East and the continued conflict in Ukraine, lead times for acquiring inventory for our products and services can be challenging. The assembly of our Translogik product range is carried out at one supplier and as this business rapidly expands the demand could outstrip the ability to supply.	The Company continues to increase inventory levels and looks to source products from multiple suppliers. The refurbishing of the Bicester office has facilitated the ability for the Translogik product range to be assembled in-house commencing in October 2024.	↔	↓
<b>Foreign currency fluctuation</b>	The Royalty income from Bridgestone is payable in USD and a substantial proportion Translogik sales are made outside the UK. The major currency exposure is to USD.	The Board regularly review the key foreign exchange rates (USD & Euro) and during the year, as the dollar has fluctuated, the Company has hedged against detrimental movements. During the course of the financial year the USD against the GBP has ranged from 1.21 to 1.31 (8.3% movement).	↔	↓
<b>People</b>	An experienced and knowledgeable team is essential to continually develop complex products for customers to be used in demanding markets. The market for skilled staff is extremely competitive and a failure to recruit and retain suitably qualified staff could impact the Company's ability to develop and deliver services and product.	During the course of the last two years the Company has carried out a full review of the workforce and made a number of changes, including redundancies and new hires, this was to ensure the team we have in place are of the necessary calibre and drive to meet the growing demand for Transense products and services. In addition Transense provides both good training and incentives which is important to retaining key staff.	↓	↔
<b>Global Companies and Competition</b>	Many of the customers of Transense are major global companies . The impact on Transense dealing with customers of this size is that invariably the time from initial discussions to receiving a PO can be far longer than the usual business transaction cycle between SME's.	Whilst the timeline from initial discussion to PO can still be challenging the impact is not critical due to the continuously growing number of opportunities that are arising.	↔	↔

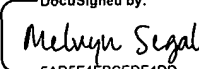
**Strategic Report (continued)**

Risk and Uncertainty	Details of Risk & Impact	Mitigation	Year on Year change in risk FY 24	Year on Year change in risk FY 23
<p><b>Commercialisation and Development of New Products</b></p>	<p>Whilst the Company has world leading sensor technology in the SAWsense market and a market leading tyre inspection tool in Translogik it is important to continually innovate and evolve to retain the market leadership.</p>	<p>Within the SAWsense market the Company recognises the long lead times that exist in commercialising new technology and this has led to a change in the way the Company operates whereby we now take a far more active role with clients in providing support services to the client along the road leading to commercialisation. With regards Translogik we have been working on ways to improve Translogik's products to meet the growing requirements of the Fleet Management market and looking beyond this into the passenger car and off road markets.</p>		
<p><b>Intellectual Property</b></p>	<p>The SAWsense business is centred on the exploitation of the SAW patents with a clear focus on the design and development of technologically advanced products and applications. Investment continues to be made in Development. Following the latest review of our patent portfolio we currently have 15 live granted patents and continue to have significant in house know how. The development of know how is equally applicable to the iTrack system and the Translogik probe.</p> <p>The risk exists that we fail to improve and generate new know how and where possible extend the scope and life of our patents.</p>	<p>We have considerably strengthened our inhouse development team, and coupled with excellent input from our Board Members have widened our scope of technical abilities. During the financial year new patents have been filed based on our core technology thereby increasing the protection of that technology. We also work closely with our Patent agents to monitor new third party patent applications, in order to ensure adequate protection for our key intellectual property including registration and avoid infringing third party rights.</p> <p>Development in the form of know how is applied to the Translogik probe adapting it to the needs of OEM and fleet management software systems.</p>		
<p><b>Liquidity</b></p>	<p>Prior to the Bridgestone deal in June 2020 Transense had found it necessary to raise funds to support losses and working capital requirements.</p>	<p>Following the completion of the Bridgestone deal the Company's finances have become substantially stronger and the operating cash flow has become positive. Notwithstanding the stronger financial position the Board review monthly forecast cash flows which look forward between 12 and 24 months to ensure the Company remains liquid throughout that period.</p>		

By order of the board

**Nigel Rogers**  
 Executive Chairman  
 20 September 2024

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**Melvyn Segal**  
 Chief Financial Officer  
 20 September 2024

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## Environmental, Social and Governance

Transense's commitment to promoting a greener environment continues to be of significant importance to our mission. Our technologies can improve sustainability across the wide variety of markets in which we are present. Transense operates in line with the United Nations 17 Sustainable Development Goals (SDGs); the UN guidelines for member states to ensure they operate in line with its 2030 Agenda for Sustainable Development. As a leading developer of technology, Transense aims to "ensure sustainable consumption and production patterns" aligned with Goal 12 of the SDGs.

### Reducing our impact on the environment

Transense has adopted a policy to safeguard the environment and minimise the generation of harmful substances as much as possible. We enable customers to do the same, through the supply of our value added technologies that improve efficiency, optimise performance and reduce emissions.

We operate in line with all relevant environmental legislation and regulatory requirements and train our employees to carry out their duties whilst being mindful of the environment and the Company's concern for it. Transense only uses approved waste disposal contractors to dispose of waste in an environmentally friendly manner, whilst promoting responsible energy use and recycling on site. We encourage and support our suppliers to have sound environmental policies in place.

Our technology is an enabling technology and aims to achieve a positive environmental impact for larger manufacturing companies who wish to use it to improve their products in areas of performance, fuel consumption, predictive maintenance, and unit up time as they work towards net zero emissions.

### Social responsibility

The Board of Transense continually aim to manage their business in a socially responsible and ethical manner and act with integrity and behave responsibly as we execute our strategy.

### Health and safety

We are committed to operating an environment that promotes Health and Safety (H&S). Our Health and Safety Policy enables employees to perform their work safely and efficiently in line with health and safety law and is reviewed annually with employees consulted before the integration of any new practices.

### Employees

People are central to what we do. Transense strives to provide its team with good training and incentives which have been instrumental in retaining and recruiting key employees.

We are continually looking to develop a high performance culture through our recruitment, employee engagement, people development and resource management strategies.

### Equal opportunities

The Group is committed to a policy of equal opportunity by which it ensures that all activities are based on merit.

## Corporate Governance Statement

The Board is committed to high standards of Corporate Governance as appropriate to the Company's size and activities and sets out below key areas of Corporate Governance. The Board considers it appropriate to adopt the principles of the QCA Code published in April 2018. The extent of compliance with the ten principles that comprise the QCA Code, together with an explanation of any areas of non-compliance, and any steps taken or intended to move towards full compliance, are set out on the Company website <https://www.transense.com>.

The Group aims to operate to high standards of moral and ethical behaviour. All members of the Board fully support the value and importance of good corporate governance and their accountability to all of the Company's stakeholders, including shareholders, employees, customers, distributors, suppliers, regulators and the wider community.

The Corporate Governance framework which the Company has set out, including Board leadership and effectiveness, remuneration and internal control, is based upon practices which the Board believes are proportionate to the risks inherent to the size and complexity of Group operations.

Below is a brief description of the role of the Board and its committees, including a statement regarding the Company's system of internal financial control.

### The Board of Directors

The following is a list of the full names, positions and ages of the current members of the Board: The business address of each director is 1 Landscape Close, Weston-on-the-Green, Bicester, Oxfordshire, OX25 3SX.

#### **Nigel Rogers (Executive Chairman) age 63**

Nigel qualified as a Chartered Accountant in 1983, spending eight years with PwC before moving into industry. He has over twenty years' experience as a director of listed businesses, including thirteen years as Group CEO of both AIM listed Stadium Group Plc (2001-2011) and 600 Group Plc (2012-2015).

In addition to his responsibilities at Transense (where he is contracted for approximately 25% of normal working hours), he is also Non-executive Chairman of Solid State plc (AIM: SOLI).

#### **Ryan Maughan (Managing Director) age 45**

Ryan was appointed as Managing Director in March 2024 after previously serving the Company as Business Development Director. He is an award-winning engineer and business leader with more than 20 years' experience in the high-performance, heavy-duty and off-highway automotive markets. Prominent in the development of power electronics, electric motors and drives (PEMD) for these demanding applications, he has successfully founded, scaled and sold three businesses in the electric vehicle space. He is currently CEO of eTech49 Limited, an advisory business specialising in disruptive hardware technology in PEMD. In addition, he is Chairman of EV North, an industry group representing the booming electric vehicle industry in the north of England, and a strategic advisor to a number of corporations.

#### **Melvyn Segal (Chief Financial Officer) age 69**

Melvyn is a Chartered Accountant and during his career of 22 years as a senior partner of mid-sized accountancy firm Arram Berlyn Gardner he specialised in business advice, audit and taxation and was involved in the successful sale of the firm's financial services arm. Since leaving the profession, Melvyn has been active as company finance director and a non-executive director of several privately owned successful SME's.

## Corporate Governance Statement (continued)

### Stephen Parker (Non-Executive Director) age 71

Stephen was appointed as a Non-Executive Director in May 2023 and is now the Senior Independent Director. Stephen is an experienced automotive and aerospace industry professional and company director, with particular expertise in electric motors and drives. He has previously held senior executive positions at FEV Group, Ricardo plc, Perkins Engines and was a Vice President of Kearney, the global management consulting firm.

He is currently Chairman of Evolito, an aerospace e-propulsion business, and an advisor to YASA, a Mercedes Benz company. He was previously Chair of the Board of Governors of Coventry University and from 2014 to 2023 the Pro-Chancellor of the university. Stephen is a member of both the Audit and Risk committee and the Remuneration committee. Stephen will Chair the Audit Committee on the retirement of Rodney Westhead.

### Craig Wilson (Non-Executive Director) age 59

Craig was appointed as a Non-Executive Director on 1 July 2024. Craig has vast experience in the automotive sector including EV and motorsport. He recently stepped down from his position as Chief Executive Officer of Williams Advanced Engineering ("WAE"), where he spent 10 years and led the development of the business from its early foundations in Formula One to providing innovative technology across a range of sectors, becoming recognised as a leader in electrification and energy storage. WAE was acquired by Fortescue Metals Group in March 2022.

Prior to joining WAE, Craig held leadership and board positions in the automotive sector in Australia at Walkinshaw Performance and Holden Special Vehicles. He was an independent non-executive director of Transport Research Foundation from 2014 to 2020 and Managing Director of TWR group until 2005. Craig is a member of both the Audit and Risk committee and the Remuneration committee. Craig will Chair the Remuneration committee when Rodney Westhead retires.

### Rodney Westhead (Non-Executive Director ) age 80

Rodney qualified as a Chartered Accountant in 1967 spending time with PwC and Grant Thornton, the latter including a term as managing partner of the London office. He currently Chair's both the Audit and Risk committee and the Remuneration Committee until his planned retirement at the forthcoming AGM.

The Board has not adopted a formal process of evaluation, although the Chairman has actively encouraged self-evaluation by all Board members, and sought individual feedback on the conduct and content of Board meetings. The Board will consider whether a more structured approach is required in future.

The Board is satisfied that the current composition provides the required degree of skill, experience and capabilities appropriate to the current needs of the business, and that individual Directors have access to adequate sources of information to update their knowledge as required.

The Board seeks appropriate expert advice where circumstances require such action to be necessary or desirable, for example, by utilising legal advisors and regulatory compliance specialists in transaction work. No Board committees or individual Board members have sought external advice in the current year, but are free to do so at any time, and at the Company's expense, should the need arise.

Throughout the financial year the Board schedule regular monthly formal Board meetings. It will approve financial statements and significant changes in accounting practices and key commercial matters, such as decisions to be taken on whether to take forward or to cancel a material collaboration project or commercial agreement. There is a formal schedule of matters reserved for decision by the Board in place.

## Corporate Governance Statement (continued)

During the year, Board members attended meetings as follows:

Director	Maximum number of meetings	Actual meetings attended	Audit Committee	Remuneration Committee
Nigel Rogers	6	6	1	-
Melvyn Segal	6	6	1*	-
Rodney Westhead	6	6	1	2
Ryan Maughan	6	6	-	-
Stephen Parker	6	6	-	2

\* attended part of the meeting as a non-committee member

The Board now has three Non-Executive Directors who are considered by the Directors to be independent for the purposes of the QCA Code; Rodney Westhead joined the Board in April 2007 and will be stepping down as a Director at the forthcoming AGM. Stephen Parker who joined the Board in May 2023 and Craig Wilson joined the Board in July 2024. Rodney, Stephen and Craig prior to joining had no association with the Company.

The Board promotes high ethical and moral standards. The Board and all employees expect to be judged by, and accountable for, their actions and compliance with the Company's policies procedures.

Regular meetings with shareholders and other key representative groups provide specific opportunity for raising any concerns relating to Company performance and/or corporate governance. Independent feedback is sought following such meetings and provided to the Board, where appropriate on an anonymised basis.

As noted in the Strategic Report on pages 7-14, the Board has in place a risk management policy and a risk management register for identifying, assessing and mitigating the Company's principal risks and uncertainties.

### Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Company. The Directors will continue to reassess internal financial controls as the Company expands further.

### Board Committees

#### *Audit & Risk Committee*

The Audit & Risk Committee's principal functions include ensuring that the appropriate accounting systems and financial controls are in place, monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of the Company's accounting and internal control systems, reviewing reports from the Group's auditor relating to the Company's accounting and internal controls, and reviewing the interim and annual results and reports to Shareholders, in all cases having due regard to the interests of Shareholders.

## **Corporate Governance Statement (continued)**

The Audit & Risk Committee met once during the year, with regard to the reporting and audit cycle. Rodney Westhead has recent and relevant financial experience through his role as senior partner in a large firm of Chartered Accountants and CEO of other UK listed companies and acts as Chairman. Stephen Parker and Craig Wilson are also members of this committee. Following Rodney Westhead's retirement at the forthcoming Annual meeting Stephen Parker will head the Audit & Risk Committee and they will aim to meet twice yearly.

### ***Remuneration Committee***

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration packages for Directors. The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of any termination payments. The remuneration of the Non-Executive Directors is a matter for the Board. The Remuneration Committee meets at least twice a year and at such other times as may be deemed necessary. No Director may be involved in discussions relating to their own remuneration. Rodney Westhead, Stephen Parker and Craig Wilson are members of the Remuneration Committee.

### ***Nomination Committee***

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors. The Nomination Committee comprises the Chairman and two independent non-executive directors.

## Remuneration report

### *Remuneration Policy*

The remuneration policy is to ensure that all staff, including the Executive Directors, are adequately motivated and rewarded in relation to companies of similar size and type.

The Remuneration Committee is responsible for determining the remuneration arrangements of the Executive Directors and advising the Board on the remuneration policy for senior executives and participation in the Company's long term incentive share schemes.

The Remuneration Committee can also grant options over ordinary shares under its Enterprise Management Incentive Option Schemes (EMI) and options granted outside Company schemes but approved by shareholders. These schemes potentially offer long term incentives to Directors and key personnel.

In addition to the vote to be held on this Remuneration Report, shareholders will be given the opportunity to question the Remuneration Committee Chairman, Rodney Westhead, on any aspect of the Company's remuneration policy.

The Board as a whole, set the remuneration of the Non-Executive Directors, which consists of fees for their services in connection with Board and Board Committee meetings. The Non-Executive Directors are not eligible for pension scheme membership, but they are eligible to participate in the Company's Unapproved Directors Share Option Scheme (UDSOS).

Each element of remuneration paid to all Directors is shown in detail below.

### *Base Salary, Bonuses and Benefits*

The base salaries for the Executive Directors are reviewed annually, but not necessarily increased, by the Remuneration Committee.

The Executive Directors are eligible to be considered for an annual bonus entitlement based on the overall performance of the Company and its financial position. Annual bonus entitlements may be based upon the achievement of pre-agreed objectives or declared at the end of the year based solely on the discretion of the Remuneration Committee.

### *Executive Share Option Schemes*

The Committee considers that potential for share ownership and participation in the growing value of the Group increases the commitment and loyalty of Directors and senior executives.

### *Directors' Pension Policy*

Executive Directors are entitled to participate in the Company's pension scheme on the same basis as other full time employees, during the year ended 30 June 2024 two directors participated and total contributions were £10.6k (2023: £6.5k).

### *Service Contracts*

The service contracts provide for the following notice periods:

- 12 months: Nigel Rogers and Melvyn Segal.
- 3 months: Rodney Westhead, Stephen Parker and Craig Wilson.
- 6 Months: Ryan Maughan

If the Company terminates without notice, the individual is entitled to a payment in lieu of notice being the value of the maximum notice period in his contract. In the event of termination for unsatisfactory performance (if necessary, decided by an independent tribunal) or for reasons of misconduct, no compensation is payable.

## Remuneration report (continued)

### Directors' Emoluments

Information on Directors' emoluments is as follows:

This table excludes the fair value of Directors' share based payment options as defined by International Financial Reporting Standard (IFRS) 2. Details of all options granted to Directors are shown on the next page. Information on Directors' emoluments is as follows:

	Basic salary	Cessation payments	Benefits	Pension	Total emoluments	
					12 months ended 30-Jun-24	12 months ended 30-Jun-23
	£	£	£	£	£	£
<b>Executive directors</b>						
N Rogers	63,000	-	-	-	63,000	51,933
M Segal	151,000	-	10,199	3,600	164,799	152,613
R Maughan	140,600	-	-	7,030	147,630	79,533
N Hopkins*	-	-	-	-	-	185,442
<b>Non-executive directors</b>						
R Westhead	29,500	-	-	-	29,500	28,100
S Parker	29,400	-	-	-	29,400	4,667
<b>Total 2024</b>	<b>413,500</b>	<b>-</b>	<b>10,199</b>	<b>10,630</b>	<b>434,329</b>	<b>502,288</b>
<b>Total 2023</b>	<b>383,561</b>	<b>103,149</b>	<b>9,120</b>	<b>6,456</b>	<b>502,288</b>	

- Resigned from the Board on 30 April 2023

Share based payment options have been granted under EMI and the discretionary scheme for Executive Directors. The details of these are set out below:

## Remuneration report (continued)

The options can only be exercised once the share price has met or exceeded the hurdle price at any point since the date of grant of the option.

	At 1 July 2023	At 30 June 2024	Earliest exercise date	Exercise price per share	Hurdle price per share
<b>Directors' interests in the EMI were:</b>					
M Segal	170,000	<b>170,000</b>	12/08/21	£0.75	£2.00
M Segal	126,000	<b>126,000</b>	24/06/23	£0.62	£1.50
M Segal	40,000	<b>40,000</b>	30/09/24	£0.10	£1.50*
R Maughan	100,000	<b>100,000</b>	23/03/26	£0.10	£1.50*
R Maughan	-	<b>75,000</b>	30/11/26	£0.10	£1.50*

	At 1 July 2023	At 30 June 2024	Earliest exercise date	Exercise price per share	Hurdle price per share
<b>Directors' interests in the UDSOS were:</b>					
M Segal	74,000	<b>74,000</b>	24/06/23	£0.62	£1.50
M Segal	35,000	<b>35,000</b>	30/09/24	£0.10	£1.50*
N Rogers	400,000	<b>400,000</b>	24/06/23	£0.62	£1.50
N Rogers	150,000	<b>150,000</b>	30/09/24	£0.10	£1.50*
R Maughan	50,000	<b>50,000</b>	22/11/24	£0.10	£1.50*
R Westhead	25,000	<b>25,000</b>	30/09/24	£0.10	£1.50*

\* The hurdle price commences at £1.50 (for 10 consecutive days) and rises to £2.00

### Share price performance

The share price performance is disclosed in the Directors' Report on page 24.

## Directors' report

The Directors present their annual report and audited financial statements for the year ended 30 June 2024.

### **Business activities, review of the business and future developments**

Transense is a provider of specialist sensor systems.

A review of the Company's business and research and development activities for the year, together with developments since the year end and for the future, is included in the Chairman's Statement and Strategic report on pages 5 to 14.

### **Results and Dividends**

The results for the year ended 30 June 2024 show a profit after tax of £1.57m (2023: £1.40m). The Directors do not recommend the payment of a dividend (2023: £nil).

### **Directors**

The present Directors are listed on page 3. Craig Wilson joined the Board on 1 July 2024.

There are no contracts of significance in which the Directors had a material interest during the year.

### **Substantial Shareholdings**

The following substantial shareholdings of 3% or more of the Company's share capital have been notified to the Company:

	Ordinary shares of 10p each	%
CriSeren	1,610,004	10.58%
Dowgate Wealth Limited	1,539,788	10.12%
P Lobbenberg	968,979	6.37%
Doxa Partners LLP	775,163	5.09%
Harwood Capital LLP	750,000	4.93%

Information correct as at 20 September 2024. The total number of Ordinary Shares in issue (including 1,217,884 shares held as treasury shares) is 16,437,740 and, therefore, the total number of voting rights in the Company, which is the basis for the above percentages, totals 15,219,884.

## Directors' report (continued)

### Directors' interests

The number of shares in the Company in which the current Directors were deemed to be interested at the beginning and end of the period, all of which are beneficially held, were as follows:

	Ordinary shares of 50p each	Ordinary shares of 50p each
	30 June 2024	30 June 2023
N Rogers	280,000	265,000
M Segal	68,768	55,000
R Maughan	59,300	18,363
R Westhead	30,655	30,655
S Parker	17,172	-

### Share price

The mid-price of the shares in the Company at 30 June 2024 was 125.0p (2023: 86.50p) and the range during the period was 86.5 to 139.0p (2023: 48.5p to 95.5p).

### Share based payment option schemes

The Remuneration Committee is responsible for the operation and administration of the Company's UDSOS and EMI Schemes. In an increasingly competitive market, the Committee regards the provision of options as an important incentive for other members of staff as well as Directors.

Details of share based payment options granted to Directors are disclosed in the Remuneration Report on page 22.

### Financial Instruments

The directors adopt a low risk financial objective. The financial instruments are denominated in Sterling, Euros and US dollars. In view of the significant exposure to US dollar income including the royalties, the Group now enters into forward contracts to sell US dollars for sterling at fixed rates in order to mitigate the risk of unexpected fluctuations in exchange rates (see note 22 to the financial statements).

### Research and Development

In order to maintain and improve upon its market position, each of the Group's trading divisions actively engage in research and development activities. This ensures the Group continually improves its product offerings and technical abilities.

Following the grant of an exclusive licence to ATMS in June 2020 in respect of the iTrack Intellectual Property no further development expenditure on the iTrack or other products has been capitalised in the year (2023: £Nil).

## Directors' report (continued)

### *Indemnification of Directors*

Qualifying third party indemnity provisions (as defined in Section 413 of the Companies Act 2006) are in force for the benefit of the Directors who held office during 2023/24.

### *Disclosure of information to Auditor*

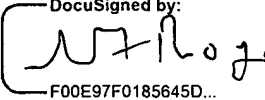
The Directors confirm that:

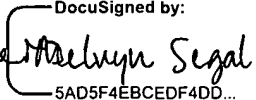
- So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### *Auditor*

In accordance with Section 489 of the Companies Act 2006, a resolution to appoint Cooper Parry Group Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

DocuSigned by:  
  
F00E97F0185645D...  
**N F Rogers**  
Chairman

DocuSigned by:  
  
5AD5F4EBCEDF4DD...  
**M Segal**  
Chief Financial Officer

20 September 2024

1 Landscape Close  
Weston-on-the-Green  
Bicester  
Oxfordshire  
OX25 3SX

## Statement of Directors' responsibilities in respect of the Annual Report

The Directors are responsible for preparing the Strategic Report, the Remuneration Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent Company financial statements for each financial year. Under that law the Directors have to prepare the group financial statements in accordance with UK adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group and parent Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent Company and enable them to ensure that the financial statements and Remuneration Report comply with the Companies Act 2006. They have general responsibility for safeguarding the assets of the group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Independent auditor's report to the members of Transense Technologies plc

### Opinion

We have audited the financial statements of Transense Technologies plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

Our Group audit scope focused on the Group's principal trading entity, Transense Technologies plc which was subject to a full scope audit and represents all of the revenue and profits generated in the year and all of the net assets at year end.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor’s report to the members of Transense Technologies plc (continued)

Risk Description	Our response to the risk
<p><b>Revenue recognition:</b>                      Under International Standard on Auditing (UK) 240 there is a presumed risk that revenue is misstated due to fraud. The Group recognises revenue to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. Whilst there are a number of ways in which the Group generates revenue, there is relatively little judgement involved in determining the timing and value of the amount to be recognised. We therefore assess the significant risk to be specifically with respect to manual journals posted to revenue.</p>	<p>We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates.</p> <p>We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions.</p> <p>We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle.</p> <p>We selected a sample of transactions from each revenue stream to confirm that revenue has been recognised in accordance with the accounting policies and performance obligations for the recognition have been met. These have been vouched to invoices, delivery notes and nominal postings.</p> <p>We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct accounting year.</p> <p>We obtained a complete listing of journals posted to revenue nominal codes and reviewed the listing for any unexpected entries. These were then tested to supporting evidence.</p> <p>Our procedures did not identify any material misstatements in the revenue recognised during the year.</p>

## Independent auditor's report to the members of Transense Technologies plc (continued)

### Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group and parent company financial statements as a whole was set at £62,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1.5% of group revenue. Performance materiality has been set at 80% of group materiality.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets;
- Reviewing the forecasting accuracy through reviewing the prior year budgets compared to actuals; and
- Reviewing management's disclosures in the financial statements.

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.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## **Independent auditor's report to the members of Transense Technologies plc (continued)**

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 26 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members of Transense Technologies plc (continued)

### Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. *Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements* Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

*Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards and relevant tax legislation.*

We are not responsible for preventing irregularities and cannot be expected to detect non-compliance with all laws and regulations. Our approach to detecting irregularities included, but was not limited to, the following:

- Obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- Obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- Obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment;
- Performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewing accounting estimates for bias specifically in relation to goodwill and deferred tax assets.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report to the members of Transense Technologies plc (continued)

### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
CED8CCF9B43D418...

Melanie Hopwell (Senior Statutory Auditor)

For and on behalf of Cooper Parry Group Limited

Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date: 20 September 2024

**Consolidated Statement of Comprehensive Income***For the year ended 30 June 2024*

		Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
	<b>Note</b>		
Revenue	5	4,180	3,529
Cost of sales		(526)	(474)
<b>Gross profit</b>		<b>3,654</b>	<b>3,055</b>
Administrative expenses	6	(2,373)	(2,086)
Exceptional administrative expenses	6	(47)	(220)
<b>Operating profit</b>		<b>1,234</b>	<b>749</b>
Net finance income	7	26	4
Other income		5	113
<b>Profit before taxation</b>		<b>1,265</b>	<b>866</b>
Taxation	10	300	530
<b>Profit and total comprehensive income for the year attributable to the equity holders of the parent</b>		<b>1,565</b>	<b>1,396</b>
<b>Basic profit per share for the year (pence)</b>	21	<b>10.13</b>	<b>8.81</b>

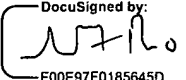
The Company only has dormant subsidiaries and therefore its result is shown above and comprises all of the Consolidated statement of comprehensive income presented.

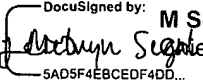
Notes to the financial statements are from pages 37 to 58.

**Consolidated and Company Balance Sheet**  
at 30 June 2024

	Note	30 June		30 June	
		2024	2024	2023	2023
		£'000	£'000	£'000	£'000
<b>Non current assets</b>					
Property, plant and equipment	11	889		154	
Intangible assets	12	1,034		731	
Deferred tax	10	1,475		1,175	
			3,398		2,060
<b>Current assets</b>					
Inventories	14	390		260	
Trade and other receivables	15	1,395		1,263	
Cash and cash equivalents	16	1,281		978	
			3,066		2,501
<b>Total assets</b>			<b>6,464</b>		<b>4,561</b>
<b>Current liabilities</b>					
Trade and other payables	17	(493)		(334)	
Lease liabilities	18	(100)		(36)	
			(593)		(370)
<b>Non current liabilities</b>					
Lease liabilities	18		(304)		-
<b>Total liabilities</b>			<b>(897)</b>		<b>(370)</b>
<b>Net assets</b>			<b>5,567</b>		<b>4,191</b>
<b>Equity</b>					
Issued share capital	20		1,644		1,644
Share premium			65		65
Treasury Shares	20		(1,027)		(708)
Share based payments			418		288
Retained earnings			4,467		2,902
<b>Total equity</b>			<b>5,567</b>		<b>4,191</b>

These financial statements were approved by the board of Directors and authorised for issue on 20 September 2024 and were signed on its behalf by:

N F Rogers  DocuSigned by: F00E97F0185645D...  
Chairman

M Segal  DocuSigned by: 5AD5F4EBCEDF4DD...  
Chief Financial Officer

Notes to the financial statements are from pages 37 to 58.

## Statement of Changes in Equity

Company and Group	Share Capital £'000	Share Premium £'001	Share based payments £'002	Retained Earnings £'003	Treasury Shares £'004	Total Equity £'005
Balance at 1 July 2022	1,644	65	180	1,506	(303)	3,092
<b>Comprehensive Income for the year:</b>						
Profit for the year	-	-	-	1,396	-	1,396
Share based payments (note 19)	-	-	108	-	-	108
Treasury Shares (note 20)	-	-	-	-	(405)	(405)
<b>Balance as at 30 June 2023</b>	<b>1,644</b>	<b>65</b>	<b>288</b>	<b>2,902</b>	<b>(708)</b>	<b>4,191</b>
Profit for the year	-	-	-	1,565	-	1,565
Share based payments (note 19)	-	-	130	-	-	130
Treasury Shares (note 20)	-	-	-	-	(319)	(319)
<b>Balance as at 30 June 2024</b>	<b>1,644</b>	<b>65</b>	<b>418</b>	<b>4,467</b>	<b>(1,027)</b>	<b>5,567</b>

Notes to the financial statements are from pages 37 to 58.

**Consolidated and Company Cash Flow Statement**  
For the year ended 30 June 2024

	Note	Group and Company	
		Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
<b>Profit from operations</b>		<b>1,565</b>	<b>1,396</b>
Adjustments for:			
Taxation	10	(300)	(530)
Net financial income	7	(26)	(4)
Share based payment	19	130	108
Depreciation	11	145	98
Amortisation and impairment of intangible assets	12	152	112
<b>Operating cash flows before movements in working capital</b>		<b>1,666</b>	<b>1,180</b>
(Increase) in receivables	15	(132)	(130)
increase/(decrease) in payables	17	159	(226)
(Increase) in inventories	14	(130)	(172)
<b>Net cash generated in operations</b>		<b>1,563</b>	<b>652</b>
<b>Investing activities</b>			
Acquisitions of property, plant and equipment	11	(428)	(85)
Acquisitions of intangible assets	12	(455)	(172)
<b>Net cash used in investing activities</b>		<b>(883)</b>	<b>(257)</b>
<b>Financing activities</b>			
Treasury shares	20	(319)	(405)
Interest received		26	4
Payment of lease liabilities		(84)	(71)
<b>Net cash used in financing activities</b>		<b>(377)</b>	<b>(472)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>303</b>	<b>(77)</b>
<b>Cash and equivalents at the beginning of year</b>		<b>978</b>	<b>1,055</b>
<b>Cash and equivalents at the end of year</b>	16	<b>1,281</b>	<b>978</b>

Notes to the financial statements are from pages 37 to 58.

## Notes to the financial statements

### 1 General Information

Transense Technologies plc (the "Company") is a public company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office and principal place of business is given on page 3. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 (prior year ended 30 June 2023) comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Company's subsidiaries are dormant and have no external assets or liabilities. As the financial statements are the same for Company and Group, all financial information therefore relates to the Company and Group and is shown headed as Company and Group. The nature of the Company's and Group's operations and its principal activities are discussed in the business review on page 23.

These financial statements are, unless otherwise stated, generally presented in pounds sterling and in round thousands, because that is the currency of the primary economic environment in which the Group operates.

### 2 Basis of preparation

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards (IFRS) and those parts of the Companies Act 2006 that are relevant to companies preparing accounts under IFRS. On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

### 3 Going Concern

At 30 June 2024 the Group had net cash balances of £1.28m (2023: £0.98m). The business continues to generate cash and the Directors have prepared cash flow forecasts to June 2026, including plausible downside sensitivities that might arise in respect of the impact of the current economic conditions, and consider that there are sufficient cash resources available in this period in which exceeding a break-even level of revenues is expected to occur, and accordingly are satisfied that the Group can continue trading as a going concern for the foreseeable future.

### 4 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

There are no new standards, interpretations and amendments that are in issue but not yet effective which are expected to have a material effect on the Company's or Group's future Financial Statements.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

#### *Significant accounting judgements and sources of estimation uncertainty*

Certain estimates and judgements need to be made by the Directors which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required if, for example, there are intangible assets which are required to be amortised over their useful lives. The following judgements and have been identified by the Group:

- Determining when intangible assets are impaired is a judgement which requires an estimate of the value in use of the asset based on management's best estimate of the future cash flows that the assets are expected to generate. This also requires significant judgement as there are limited historical cash flows on which to base the future cash flows. Discussions are held within the Group between the relevant technical, commercial and finance employees on the expected future cash flows of patents in individual territories.
- Judgement is also applied when patent costs are reviewed in particular when considering patents in products and territories that are not integral to the future business plans.
- Distinguishing the research and development phases of new products and determining whether the recognition requirements for the capitalisation of development costs are met and their subsequent amortisation period requires judgement. After capitalisation management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. iTrack II has required a substantial amount of development costs as the new iTrack is a significant improvement on the original iTrack model. Following the licence granted to ATMS Technologies Limited in June 2020 it is unlikely that there will be any further development costs incurred by Transense as the iTrack product has reached a level of maturity.
- The balance of iTrack II development costs are, with effect from July 2020 amortised over the period of the 10 year period of the licence agreement with Bridgestone reflecting the longer useful life.

The following estimates have been identified:

- The calculation of deferred tax asset is based on looking forward at profitability, in the current year looking forward three years, and the Directors have used historic information to make reasoned estimates to assess future profitability.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### *Basis of consolidation*

##### *Subsidiaries*

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2024. Following the disposal of the trading subsidiaries in June 2020, there is no difference between the Company's and Group Balance Sheets.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

#### *Revenue recognition*

Revenue is recognised to the extent that economic benefits will flow to the Group and the revenue can be reliably measured:

- Royalty income is recognised in the year in which the royalties have been earned, based on usage;
- Engineering support income, being payments for support work to assist third parties in the development of the Group's technology for their own use, is recognised as work is completed;
- Product sales to customers are recognised on customer acceptance of the goods; and
- License revenue is recognised in accordance with the contractual agreement for each deal.

Contracts are entered into with customers to provide one of the above goods or services on a standalone basis. The standalone selling price of the related performance obligation is therefore clearly determined from the contract. The total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for the transferring the promised goods or services. Payment terms are generally between 30 and 90 days for all types of sale and therefore the impact of the time value of money is minimal.

Revenue represents sales to external customers at invoiced amounts net of VAT and other sales related taxes.

#### *Grant income*

Grant monies received, classified as other income in the Statement of Comprehensive Income, has been recognised as an appropriate percentage of the deliverables that have been carried out as per the terms of the Grant.

#### *Segment reporting*

The Group had three reportable segments being the unique trading divisions, SAWsense and Translogik, which make use of technology developed by the Group to measure and record temperature, pressure and torque and the iTrack royalty activity in respect of income from licensed technology.

The revenues include royalties, engineering support and sale of product in relation to this technology.

Information regarding the Group's segments is included in the notes to the financial statements. Revenue and EBITDA are the Group's key focus and in turn is the main performance measure adopted by management.

#### *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

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

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal, presented as a separate category within liabilities, and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs.

#### *Depreciation of property, plant and equipment*

Depreciation is charged to the Statement of Comprehensive Income 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:

Plant and Equipment 3 – 5 years;  
Fixtures and Fitting 3 – 10 years;  
Motor Vehicles 4 years; and

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The assets' estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

#### *Research and development*

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

All new expenditure on research and development activities in relation to iTrack was capitalised up to 30 June 2020. Following the 10 year IP licence granted to the Bridgestone Corporation subsidiary ATMS Limited in June 2020, the amortisation policy with effect from 1 July 2020 is to amortise the remaining net book value over the life of the licence.

Historical expenditure on development activities has been capitalised and is being amortised over 10 years on a straight line basis. Following the substantial increase in activity on SAWsense and the related increase in R & D activities the Company has identified employee time on research activities and these costs have been capitalised and will be amortised over 10 years.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

#### ***Patent fees***

Externally acquired patent fees are capitalised at cost and treated as an intangible asset. Amortisation is charged to administrative expenses in the Statement of Comprehensive Income over the period to which the patent relates which is generally 15 to 20 years.

Where patents have been enhanced, and this improvement results in an increase in the life of the patent, the amortisation period for that patent is updated accordingly to reflect the increased lifespan of the patent. In the event that a patent is superseded and the original intellectual property is embedded in a new patent, the costs of that patent and the later patents are regarded as the costs of the original patent and amortised over the life of the new patent.

Patents are reviewed annually, reviewing their strategic and commercial value on a territory by territory basis. Any impairment that is identified is recognised immediately in the Statement of Comprehensive Income.

#### ***Impairment of tangible and intangible assets excluding goodwill***

At each Balance Sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash flows that are largely independent from other assets, the recoverable amount is assessed by reference to the cash generating unit to which the asset belongs.

Whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount, an impairment loss is recognised as an expense in the Statement of Comprehensive Income.

#### ***Investments in subsidiary undertakings***

In the Company's financial statements, investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been an impairment to their value in which case they are immediately written down to their estimated recoverable amount.

#### ***Pension costs***

Contributions to the Company's defined contribution scheme are charged to the Statement of Comprehensive Income in the year to which they relate.

#### ***Operating lease agreements***

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets continue to be recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less.

#### ***Current taxation***

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from the net profit shown in the Statement of Comprehensive Income because it excludes income or expenses that are taxable or deductible in other years and furthermore it might exclude other items that are never taxable or deductible.

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws enacted or substantially enacted at the Balance Sheet date.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

#### *Deferred taxation*

Deferred tax is provided in full, using the liability method. It represents the tax payable on temporary differences between the carrying amounts of assets and liabilities in the financial statements as compared to corresponding tax values used in the computation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are measured using tax rates and laws enacted or substantially enacted at the Balance Sheet date.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

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 purposes only of the Statement of Cash Flows.

#### *Foreign currencies*

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the Statement of Comprehensive Income.

The group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The group utilises forward exchange contracts to mitigate the risk of adverse exchange rate movements on foreign currency denominated revenue. These derivatives are measured at the fair market value, at the reporting date, with the fair value gain or loss movements arising being recognised within administrative expenses in the Statement of Comprehensive Income.

#### *Share-based payment transactions*

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options. The estimate of the fair value of the services received is measured based on the Black-Scholes or Monte Carlo Option Pricing Models. These models consider the following variables: exercise price, share price at date of grant, expected term, expected share price volatility, risk free interest rate and expected dividend yield. The Monte Carlo model also evaluates the probability of different outcomes being achieved in respect of market based vesting conditions and is applied where a share price hurdle has to be exceeded.

#### *Provisions*

Provisions are recognised when the Group has a present obligation as result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure. Provisions are discounted if the effect of doing so is material. A pre-tax rate that reflects risks specific to the liability is applied to the expected cash flows.

## Notes to the financial statements (continued)

### 4 Accounting policies (continued)

#### *Trade 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 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.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value (being the estimated selling price less costs to complete and sell). Cost is based on the 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.

#### *Equity and reserves*

Share capital represents the nominal value of shares that have been issued. Share premium represents the excess consideration received over the nominal value of share capital upon the issue of shares, less any costs of issue.

The retained earning reserve includes all current and prior period net retained profits and losses.

Treasury shares are included in equity in respect of the Company's purchase of its own shares. These are stated at cost.

The share based payment reserve represents the accumulated amount arising from crediting equity share based payment charges included in the Statement of Comprehensive Income.

### 5 Revenue and segmental reporting

The tables below set out the Group's revenue split by destination and operating segments. The royalty income, received through a UK customer company, is included in the UK & Europe totals.

#### *Revenue*

	Year ended 30 June 2024	Year ended 30 June 2023
	£'000	£'000
North America	464	351
South America	121	143
Australia	4	32
Europe	514	485
UK	323	379
Rest of the World	144	129
	1,570	1,519
iTrack Royalty	2,610	2,010
<b>Total</b>	<b>4,180</b>	<b>3,529</b>

## Notes to the financial statements (continued)

### 5 Revenue and segmental reporting (continued)

#### Segments

	Translogik £'000	SAWsense £'000	iTrack royalties £'000	Unallocated £'000	Total £'000
<b>Year ended 30 June 2024</b>					
Sales	1,120	450	2,610	-	4,180
Gross profit	604	440	2,610	-	3,654
Administrative expenses	(221)	(1,159)	(44)	(949)	(2,373)
Exceptional administrative expense	(42)	-	-	(5)	(47)
Operating profit/(loss)	341	(719)	2,566	(954)	1,234
Other Income	-	5	-	-	5
Net Financial Income	-	-	-	26	26
Taxation	-	-	-	300	300
Profit/(loss) for the year	341	(714)	2,566	(628)	1,565
<b>EBITDA reconciliation</b>					<b>£'000</b>
Operating profit					1,234
Depreciation and amortisation					297
EBITDA					1,531
<b>Note: Adjusted EBITDA (excluding share based payments and exceptional administrative expense)</b>					<b>1,708</b>

	Translogik £'000	SAWsense £'000	iTrack royalties £'000	Unallocated £'000	Total £'000
<b>Year ended 30 June 2023</b>					
Sales	1,027	492	2,010	-	3,529
Gross profit	588	457	2,010	-	3,055
Administrative expenses	(165)	(1,119)	(44)	(758)	(2,086)
Exceptional administrative expenses	-	(220)	-	-	(220)
Operating profit/(loss)	423	(882)	1,966	(758)	749
Other Income	-	113	-	-	113
Net Financial Expense	-	-	-	4	4
Taxation	-	-	-	530	530
Profit/(loss) for the year	423	(769)	1,966	(224)	1,396

Premises related costs are included as unallocated costs. The directors have not disclosed Balance Sheet segmental information as no analysis is prepared at this level.

## Notes to the financial statements (continued)

### 5 Revenue and segmental reporting (continued)

During the year ended 30 June 2024 there was 1 customer (2023: 1) whose turnover accounted for more than 10% of the Group's total continuing revenue as follows:

Year ended 30 June 2024	Revenue £'000	Percentage of total
Customer A	2,610	62

Year ended 30 June 2023	Revenue £000	Percentage of total
Customer A	2,010	57

All non-current assets are held in the UK.

### 6 Expenses and auditor's remuneration

Included in the profit are the following:

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Depreciation of property, plant and equipment	145	98
Amortisation of intangible assets	152	112
Gain on foreign exchange transactions	(10)	(22)

During the year £nil was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2023: £nil).

The Company incurred £47k of exceptional costs during the year (2023: £220k) in relation to restructuring the business including redundancy costs.

Auditor's remuneration for the Group and Company:

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Audit of these financial statements	43	40
Fees payable for tax compliance services	-	4
Fees payable for other tax and financial advice	-	5

### 7 Net Financial income

*Recognised in statement of comprehensive income*

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Finance income	33	5
Lease interest	(7)	(1)
Net Financial income	26	4

## Notes to the financial statements (continued)

### 8 Staff numbers and costs

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

#### Number of employees

	Group and Company	
	Year ended 30 June 2024	Year ended 30 June 2023
Management and technical	17	17
Administration	2	2
Non-Executive Directors	2	1
	<u>21</u>	<u>20</u>

The aggregate payroll costs including Directors of these persons were as follows:

	Group and Company	
	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Wages and salaries	1,299	1,235
Share based payments (note 19)	130	108
Social security costs	154	159
Contributions to defined contribution pension plan	48	55
	<u>1,631</u>	<u>1,557</u>

The share based payment charge included in the accounts in respect of share options in the year was £130,000 (2023: £108,000). The wages, salaries, social security costs and pension include £47,000 that are included in exceptional administrative costs (2023: £212,000). £170,000 of wages, salaries and social security costs have been attributed to Research and Development capital expenditure (2023: £64,000).

### 9 Directors' remuneration

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
	Directors' emoluments	413
Directors cessation payment	-	103
Directors' benefits	10	9
Directors' pension	11	6
	<u>434</u>	<u>502</u>
Employers national insurance	51	44
Share based payments (note 19)	106	75

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £151,000 (2023: £143,800). Company pension contributions made to a money purchase scheme to highest paid Director was £3,600 (2023: £Nil). The highest paid Director did not exercise share options under long term incentive schemes and no shares were received or receivable by the Director in respect of qualifying services under a long term incentive scheme (2023: Nil).

The number of Directors accruing retirement benefits under money purchase schemes in the year was 2 (2023: 2).

The number of Directors who exercised share options in the year was Nil (2023: Nil).

## Notes to the financial statements (continued)

### 9 Directors' remuneration (continued)

The number of Directors in respect of whose services were received or receivable under long term incentive schemes was Nil (2023: Nil).

The share based payment charge in respect of Directors share options in the year was £106,000 (2023: 75,000).

### 10 Taxation

#### Recognised in the statement of comprehensive income in respect of continuing operations

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
<b>Deferred tax credit</b>		
Current year	(300)	(530)
	<u>(300)</u>	<u>(530)</u>
Tax credit in Statement of Comprehensive Income	<u>(300)</u>	<u>(530)</u>

#### Reconciliation of effective tax rate

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Profit before tax	1,265	866
Tax calculated at the average standard UK corporation tax rate of 25.00% (2023: 20.50%)	316	178
Expenses not deductible for tax purposes	33	23
Utilisation of losses brought forward for which no deferred tax asset was recognised	(24)	25
Recognition of deferred tax in respect of prior year losses	(625)	(756)
<b>Total tax credit</b>	<b>(300)</b>	<b>(530)</b>
Deferred tax assets are:		
Recognised – in respect of tax losses	1,475	1,175
Unrecognised – in respect of tax losses and other timing differences	3,706	4,258

The applicable UK corporation tax rate is 25% (2023: was a blend of 19% for the first 9 months and 25% thereafter giving an average rate for the reporting period of 20.5%). The Group has tax losses, subject to agreement by HM Revenue and Customs, in the sum of £20.7m (2023: £21.9m), which are available for offset against future profits of the same trade. There is no expiry date for tax losses. An appropriate deferred tax asset is being recognised as the Group is able to demonstrate a reasonable expectation of sufficient future taxable profits arising in order to utilise the losses.

## Notes to the financial statements (continued)

### 11 Property, plant and equipment – Group and Company

	Right-of-use- property assets	Plant and Equipment	Assets under construction	Fixtures and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
Balance at 1 July 2022	272	454	-	174	10	910
Additions	-	85	-	-	-	85
<b>Balance at 30 June 2023</b>	<b>272</b>	<b>539</b>	<b>-</b>	<b>174</b>	<b>10</b>	<b>995</b>
Balance at 1 July 2023	272	539	-	174	10	995
Disposals	(272)	-	-	-	-	(272)
Additions	452	143	113	172	-	880
<b>Balance at 30 June 2024</b>	<b>452</b>	<b>682</b>	<b>113</b>	<b>346</b>	<b>10</b>	<b>1,603</b>
<b>Depreciation and Impairment</b>						
Balance at 1 July 2022	171	415	-	147	10	743
Depreciation charge for the year	57	27	-	14	-	98
<b>Balance at 30 June 2023</b>	<b>228</b>	<b>442</b>	<b>-</b>	<b>161</b>	<b>10</b>	<b>841</b>
Balance at 1 July 2023	228	442	-	161	10	841
Depreciation charge for the year	65	61	-	19	-	145
Disposals	(272)	-	-	-	-	(272)
<b>Balance at 30 June 2024</b>	<b>21</b>	<b>503</b>	<b>-</b>	<b>180</b>	<b>10</b>	<b>714</b>
<b>Net book value</b>						
At 1 July 2022	101	39	-	27	-	167
At 1 July 2023	44	97	-	13	-	154
<b>At 30 June 2024</b>	<b>431</b>	<b>179</b>	<b>113</b>	<b>166</b>	<b>-</b>	<b>889</b>

The depreciation charge is recognised in the following line items in the Statement of Comprehensive Income:

	2024 £'000	2023 £'000
Administrative expenses – continuing operations	145	98
	<b>145</b>	<b>98</b>

The right of use asset relates to the main property held under a 5 year lease. IFRS16 interest charges of £7,000 is included in note 7 (2023: Credit £1,000). The lease liabilities are shown in note 18. The total cash outflow was £84,000 (2023: £74,000).

**Notes to the financial statements (continued)****12 Intangible assets****Group and Company intangible assets**

	<b>Goodwill</b>	<b>Patents rights and Trademarks</b>	<b>Development costs</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
Balance at 1 July 2022	50	961	2,297	3,308
Additions	-	37	135	172
<b>Balance at 30 June 2023</b>	<b>50</b>	<b>998</b>	<b>2,432</b>	<b>3,480</b>
Balance at 1 July 2023	50	998	2,432	3,480
Additions	-	31	424	455
<b>Balance at 30 June 2024</b>	<b>50</b>	<b>1,029</b>	<b>2,856</b>	<b>3,935</b>
<b>Amortisation and impairment</b>				
Balance at 1 July 2022	-	696	1,941	2,637
Amortisation for the year	-	67	45	112
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>763</b>	<b>1,986</b>	<b>2,749</b>
Balance at 1 July 2023	-	763	1,986	2,749
Amortisation for the year	-	67	85	152
<b>Balance at 30 June 2024</b>	<b>-</b>	<b>830</b>	<b>2,071</b>	<b>2,901</b>
<b>Net book value</b>				
At 1 July 2022	50	265	356	671
At 1 July 2023	50	235	446	731
<b>At 30 June 2024</b>	<b>50</b>	<b>199</b>	<b>785</b>	<b>1,034</b>

Goodwill represents the excess of consideration paid for a business over the value of the net assets acquired and is not amortised.

## Notes to the financial statements (continued)

### 12 Intangible assets (continued)

#### *Amortisation and impairment charge*

The amortisation and impairment charge is recognised in the following line items in the Statement of Comprehensive Income:

	2024 £'000	2023 £'000
Administrative expenses – continuing operations	152	112
	<b>152</b>	<b>112</b>

#### *Impairment testing*

Impairment testing has been performed in accordance with the provisions of IAS 36, and in such circumstances the aggregate carrying value of the intangible asset is compared against the expected recoverable amount. The recoverable amount of goodwill is determined from operating cash flow projections for the period to June 2026 based on currently contracted income levels and which support the carrying value of goodwill.

### 13 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

	Status	Country of Incorporation	Class of shares held	Ownership	
				2024	2023
Translogik RFID Limited	Dormant	UK	Ordinary Shares	100%	100%
Lanesra Inc (Formerly IntelliSAW Inc.)	Dormant	USA	Ordinary Shares	100%	100%
Translogik Ltd (Formerly Cranwick Ltd)	Dormant	UK	Ordinary Shares	100%	100%
Transense K.K.	Dormant	Japan	Ordinary Shares	100%	100%
SAWsense Limited	Dormant	UK	Ordinary Shares	100%	100%

	Company £'000
<b>Cost</b>	
At 1 July 2022	3
At 30 June 2023 and 2024	3
<b>Impairment</b>	
At 1 July 2022	3
At 30 June 2023 and 30 June 2024	3
<b>Net book value</b>	
At 30 June 2023	-
At 30 June 2024	-

**Notes to the financial statements (continued)****14 Inventories****Group and Company**

	30 June 2024 £'000	30 June 2023 £'000
Raw materials	274	175
Finished goods	116	85
	<u>390</u>	<u>260</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year ended 30 June 2024 amounted to £0.53m (2023: £0.47m). Inventories are stated net of impairment provisions of £0.02m (2023: £0.02m).

**15 Trade and other receivables****Group and Company**

	30 June 2024 £'000	30 June 2023 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	252	246
Expected credit losses	-	(4)
	<u>252</u>	<u>242</u>
Other receivables	6	26
Accrued income	753	619
Prepayments	404	376
	<u>1,395</u>	<u>1,263</u>

As at 30 June 2024 there were no past due but not impaired trade receivables (2023: no past due but not impaired). Included within other receivables is a rent deposit of £2,000 repayable within one year (2023: £19,000 repayable after more than one year).

Accrued income receivable in US dollars due post year end was subject to forward contracts to sell dollars to sterling, and has been stated net of the derivative liability value at 30 June 2024 in order to show the sterling amount realised.

Forward exchange contracts to sell a further \$1.44m from future expected receipts for £1.15m of sterling had a fair value at 30 June 2024 of £12,000 which is reflected in other receivables.

**16 Cash and cash equivalents****Group and Company**

	30 June 2024 £'000	30 June 2023 £'000
Cash and cash equivalents per Balance Sheet	1,281	978
Cash and cash equivalents per cash flow statements	1,281	978

## Notes to the financial statements (continued)

### 17 Trade and other payables

#### Group and Company

	30 June 2024	30 June 2023
	£'000	£'000
<b>Current</b>		
Trade payables	385	103
Non-trade payables and accrued expenses	108	231
	<u>493</u>	<u>334</u>

### 18 Lease liabilities

#### Group and Company

	30 June 2024	30 June 2023
	£'000	£'000
<b>Current</b>		
Amounts due in less than one year	100	36
<b>Non-current</b>		
Amounts due in one to five years	304	-
	<u>404</u>	<u>36</u>

### 19 Employee benefits

#### Defined contribution plans

The Group operates a defined contribution pension plan. The total expense relating to these plans in the year ended 30 June 2024 was £0.05m (2023: £0.06m). Included in Note 17 above under non-trade payables and accrued expenses is £0.01m pension accrual (2023: £0.04m).

#### Share-based payments – Group and Company

The Group and Company has two share option plans, the Unapproved Discretionary Share Option Scheme and Enterprise Management Incentives (EMI) Share Option scheme the principal provisions of which are summarised below: Options to subscribe for Ordinary Shares of the Company may be granted (at the discretion of the Board and with regards Executive Directors the remuneration committee) to selected employees or Directors of the Company. No consideration is payable for the grant of an option. Options are not transferable or assignable.

The fair value of share options granted is recognised as an employee expense, within administrative expenses, with a corresponding increase in reserves. All options are settled by the physical delivery of shares.

The fair value of services rendered in return for share-based payments granted is measured by reference to the fair value of those share-based payments. The estimate of the fair value of services received is measured with reference to the Black-Scholes or Monte Carlo option pricing models. These models consider the exercise price, share price at grant date, expected term and expected share price volatility with the Monte Carlo model also factoring in the probability of different outcomes where there are market related conditions attached to vesting. The volatility level and risk-free interest rate depends on the date of grant as shown in the tables below. There is an expected dividend yield of nil pence. The key variables are share price volatility and the probability of market based hurdles being met.

The share based payment charge in respect of share options in the year was £0.13m (2023: £0.11m).

## Notes to the financial statements (continued)

### 19 Employee benefits (continued)

#### Unapproved Discretionary Share Option Scheme

At 30 June 2024 the following share options remained outstanding under the Company's Unapproved Discretionary Share Option Scheme.

1 July 2023	Number of Options			30 June 2024	Option Price	Date of Grant	Date of Exercise	
	Granted	Cancelled/Expired	Exercised				First	Last
1,800	-	(1,800)	-	0	£3.750	31.01.14	31.01.17	31.01.24
5,000	-	-	-	5,000	£3.750	27.10.14	31.01.17	27.10.24
5,000	-	-	-	5,000	£3.750	09.10.15	31.01.18	09.10.25
50,000	-	(50,000)	-	0	£0.750	13.08.19	12.08.21	12.08.29
474,000	-	-	-	474,000	£0.620	25.06.20	24.06.23	24.06.30
210,000	-	-	-	210,000	£0.100	01.10.21	30.09.24	30.09.31
50,000	-	-	-	50,000	£0.100	23.11.21	22.11.24	22.11.31

The assumptions used in the valuation of the old share options are as follows, the value attributable to the older options has been accounted for in earlier periods:

Date of grant	Estimated fair value	Share price	Option price	Expected volatility %	Expected Life - Years	Risk free rate %	Expected dividends %
13.08.19	£0.1093	£0.61	£0.75	52.40%	3.00	1.50%	Nil
25.06.20	£0.1107	£0.62	£0.62	52.40%	3.00	1.50%	Nil
01.10.21	£0.6970	£1.00	£0.10	30.00%	3.00	0.45%	Nil
23.11.21	£0.6970	£1.05	£0.10	30.00%	3.00	0.45%	Nil
01.12.23	£0.6970	£0.97	£0.10	130.00%	4.00	100.45%	Nil

#### Enterprise Management Incentive Option Scheme

At 30 June 2024, the following shares remained outstanding under an Enterprise Management Incentive Option Scheme.

1 July 2023	Number of Options			30 June 2024	Option Price	Date of Grant	Date of Exercise	
	Granted	Cancelled / Expired	Exercised				First	Last
5,000	-	-	-	5,000	£0.750	26.06.17	30.06.20	30.06.27
200,000	-	(22,000)	-	178,000	£0.620	25.06.20	24.06.23	24.06.30
8,000	-	(3,000)	-	5,000	£0.620	08.12.20	08.12.20	12.08.29
170,000	-	-	-	170,000	£0.750	08.12.20	08.12.20	12.08.29
40,000	-	-	-	40,000	£0.100	01.10.21	30.09.24	30.09.31
73,000	-	(20,000)	-	53,000	£0.795	22.02.22	21.02.25	21.02.32
12,500	-	-	-	12,500	£0.675	08.06.22	07.06.25	07.06.32
200,000	-	-	-	200,000	£0.100	24.03.23	23.03.26	23.03.33
0	125,000	-	-	125,000	£0.100	01.12.23	30.11.26	30.11.33

The assumptions used in the valuation of the current share options are as follows:

Date of grant	Estimated fair value	Share price	Option price	Expected volatility %	Expected Life - Years	Risk free rate %	Expected dividends %
26.06.17	£0.0834	£0.850	£0.750	28.08%	3	1.00%	Nil
25.06.20	£0.1093	£0.610	£0.750	52.40%	3	1.50%	Nil
08.12.20	£0.1107	£0.620	£0.620	52.40%	3	1.50%	Nil
08.12.20	£0.1107	£0.620	£0.620	52.40%	3	1.50%	Nil
01.10.21	£0.6970	£1.000	£0.100	30.00%	3	0.45%	Nil
22.02.22	£0.0875	£0.795	£0.795	52.40%	3	1.50%	Nil
08.06.22	£0.0875	£0.675	£0.675	52.40%	3	1.50%	Nil
24.03.23	£0.6163	£0.855	£0.100	49.70%	3	3.75%	Nil
01.12.23	£0.6950	£0.975	£0.100	46.40%	3	4.33%	Nil

## Notes to the financial statements (continued)

### 20 Share capital

Issued Share Capital	Ordinary shares of 10 pence each	
	30 June 2024	30 June 2023
In issue at 1 July	16,437,740	16,437,740
<b>On issue at 30 June 2024/2023– fully paid</b>	<b>16,437,740</b>	<b>16,437,740</b>

	30 June 2024	30 June 2023
	£'000	£'000
Allotted, called up and fully paid Ordinary shares of £0.10 each	1,644	1,644
Shares classified in shareholders' funds	1,644	1,644

### Treasury Shares

	30 June 2024		30 June 2023	
	Cost £	Number	Cost £	Number
As at 1 July 2023	707,528	895,356	303,254	434,000
Additions	319,261	322,500	404,274	461,356
<b>As at 30 June 2024</b>	<b>1,026,789</b>	<b>1,217,856</b>	<b>707,528</b>	<b>895,356</b>

**Notes to the financial statements (continued)****21 Basic and fully diluted profit per share**

Basic profit per share is calculated by dividing the profit by the weighted average number of ordinary shares in issue during the year of 15,446,993 (2023: 15,849,527). This excludes treasury shares held by the Company.

	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
Weighted average number of shares – basic	15,446,993	15,849,527

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Profit	1,565	1,396
Basic profit per share (pence)	10.13	8.81

**22 Financial instruments*****Financial risk management overview***

The Group has exposure to the following risks, to varying degrees, from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk;
- Price risk

This note presents information about the Group's exposure to credit, liquidity and market risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

***Liquidity risk***

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has a cash balance at year end totalling £1.28m (2023: £0.98m). The Directors consider there to be sufficient cash resources for the foreseeable future period in the context of the profitable trading now being achieved and that the Group remains a going concern with cash available for current investment plans. The Group has no external borrowing other than property lease liabilities arising under IFRS 16.

Due to supply chain shortages experienced as a result of current world conflicts prices of electronic components are subject to rises recognising market shortages, this is mitigated by buying in bulk when components are available.

***Financial Assets and Liabilities***

The carrying value and fair value for each of the trade and other payables, trade leases and unearned finance income and trade and other receivables are the same.

## Notes to the financial statements (continued)

### 22 Financial instruments (continued)

#### *Cashflow sensitivity analysis for variable rate instruments*

The Directors consider that the Group's exposure to interest rates is low (2023: low). Cash is invested in deposits with UK high street banks with no major changes expected in the short term from the relatively low rates. There are no borrowings and lease liabilities are subject to fixed rates (as part of the rental payments made).

This note is in relation to the Company's compliance with IFRS 7.

#### *Market risk*

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

The Group receives royalty and other income denominated in US dollars and Euro's which amounted to £3.71m for the year ended 30 June 2024. The Group had no other significant assets or liabilities denominated in foreign currencies at either 30 June 2024 or 30 June 2023 and which therefore could give rise to exchange gains and losses in the Statement of Comprehensive Income.

In order to manage the exposure to this dollar income, the Group enters into forward contracts to sell dollars and buy sterling at fixed rates in respect of the expected receipts in the next year (see note 15).

The Group has analysed the effects of both a 10% increase and decrease in the US dollar compared to the contracted rates and considers the impact would be approximately £0.37m on the consolidated operating profit.

At the reporting date the profile of the Group's financial instruments was:

	30 June 2024	30 June 2023
	£000	£000
<b>Financial assets held at amortised cost</b>		
Trade receivables	252	242
Other receivables	4	26
Accrued income	837	619
Cash and cash equivalents	1,281	978
	<u>2,374</u>	<u>1,865</u>
<b>Financial liabilities held at amortised cost</b>		
Trade payables	385	103
Lease liabilities	404	36
Accruals and other payables	71	93
	<u>860</u>	<u>232</u>
Financial liabilities at amortised cost	860	232

#### *Management of capital*

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to do this the group may issue new shares in the future. There were no changes to the Group's approach to capital management during the year. The Board considers it important that the Company has the flexibility to pay dividends and make other returns of capital to shareholders when appropriate and desirable to do so. Accordingly, a capital reduction was made to cancel deferred shares and transfer the amount standing to the credit of the share premium account to retained earnings to provide this flexibility as more cash is generated from operations. The Group is not subject to externally imposed capital requirements.

## Notes to the financial statements (continued)

### 22 Financial instruments (continued)

#### Credit risk

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.

Financial instruments that may subject the Group to credit risk consist of cash, cash equivalents, and trade and other receivables. The maximum receivable credit exposure including accrued income was £1.1m (2023: £0.9m) which is the respective carrying amounts (which is not significantly different to their fair value and contractual cash flow). There were no material financial assets that were past due at the period end.

At 30 June 2024 the Group's cash was divided between current accounts (including USD and Euro accounts) £0.37m (2023: £0.10m) and £0.90m on deposit (2023: £0.87m) the interest rates during the year varied from 1.5% to 4.5% (2023: Average 1.5%). Cash and cash equivalents are held only in high street banks.

The Group offers trade credit to customers, who are well established and major companies, in the normal course of business. The Group operates stringent credit control procedures on potential customers before allowing credit.

The Group continually monitors its position with, and the credit quality of, the financial institutions, which are counterparts to its financial instruments, and does not anticipate non-performance or that there is a concentration of credit risk. Credit risk is considered to be low given the cash position of the Group and that there is a low exposure level in the trade and other receivables.

#### Maturity Analysis

The maturity of the lease liabilities including financing charges is as follows:

	Group and Company	
	30 June 2024	30 June 2023
	£'000	£'000
In less than one year	100	36
In one to five years	304	-
	<b>404</b>	<b>36</b>

#### Reconciliation of movements in total financing liabilities

	Year ended	Year ended
	30 June 2024	30 June 2023
	Group and Company	Group and Company
	£'000	£'000
At start of the year	36	98
New right of use property	452	-
Interest accrued	7	2
Payments of lease liabilities in the year	(84)	(62)
Interest paid in the year	(7)	(2)
<b>Total financing liabilities at end of the year</b>	<b>404</b>	<b>36</b>

## Notes to the financial statements (continued)

### 23 Contingencies and commitments

The Company and Group had no capital commitments or contingent liabilities as at 30 June 2024 (2023: £nil).

### 24 Related parties and controlling party

#### *Group*

The compensation of key management personnel (considered to be the Directors) is shown in note 9.

In the opinion of the Directors, there is no one individual controlling party of the Company.