Allenby Capital

Company Note

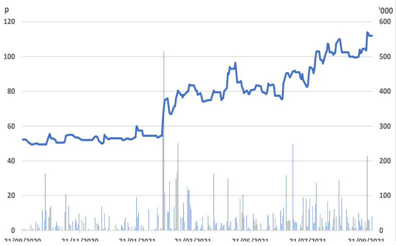
Finals

28 September 2021

Corporate

Current price	**112.0p**
Sector	**Electronic & Electrical Equipment**
Code	**TRT.L**
AIM	**AIM**

Share Performance



	1m	3m	12m
TRT.L	+9%	+24%	+123%

Source: Thomson Reuters, Allenby Capital

Share Data		
Market Cap (£m)		**18.4**
Shares in issue (m)		**16.31**
52 weeks	High	Low
	114.0p	**49.5p**
Financial year end		**June**

Source: Company Data, Allenby Capital

Key Shareholders	
CriSeren	9.40%
Seneca	7.67%
P Lobbenberg	5.94%
Legal & General	3.31%
Harwood Capital	3.13%
Gerald Oury	3.03%
Directors	1.35%

Source: Company Data, Allenby Capital

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Equity Research

Transense Technologies plc (TRT.L)

A very successful year with much more still to come

Transense Technologies plc, the developer, manufacturer and licensor of sensor technology and equipment, has reported full-year results in line with our forecasts (upgraded in February 2021) with a positive EBITDA and profit after tax. Net cash was in line at c.£1m but did not include iTrack royalties for Q4 end July. We are optimistic that progress will continue in each of the Company's three divisions and have upgraded revenue and gross profit expectations for 2022 and 2023. This additional income is expected to be selectively invested in the SAW business leaving PBT forecasts overall, unchanged. We see fair value at 150p.

- **Strong progress achieved in all three operating segments** – Transense reported revenues ahead nearly threefold from the comparative period and a positive EBITDA for the first time since 2016. The LBT of £157k was a substantial improvement over the corresponding period (loss of £1.26m) which reflected the transformation of the Company following the licensing of the iTrack technology to Bridgestone in June 2020.
- **First year of iTrack royalty income** – Royalty income from iTrack, the Company's tyre pressure monitoring system, commenced in July 2020 and amounted to £0.83m in the year reported. The annualised rate of income in Sterling terms rose by 76% from £0.64m at inception to £1.12m, with the run-rate rising to £1.21m by the end of August.
- **Translogik revenues up 50% to £0.8m with profit more than doubling** – Translogik's range of hand-held tyre probes continued to be well received in the marketplace with particular interest being seen in the new modular range of probes. Due to this strong interest, demand for first generation probes temporarily declined although revenues overall still grew by 50% and profits doubled.
- **Significant potential for SAW but still in its embryonic stage** – Despite its long history, this business remains at early stage, however, the Company's SAW technology still offers a significant platform for future growth. GE and McLaren have tested the technology and proven its effectiveness and the introduction of the SAW Commercial Advisory Panel and the recruitment of a SAW MD, have enabled the Board to quickly identify the areas to prioritise which will substantially improve the short-term objective for SAW to achieve financial self-sufficiency.
- **Fair value of 150p** – As a result of strong trading at Translogik and increased royalties in iTrack, we have upgraded revenues by £350k and gross profits by £250k in each forecast year. This additional profit will facilitate headcount additions in SAW, ensuring that the Board maintains its policy of controlled and targeted spending on the business without jeopardising the success of other income sources. We continue to view the outlook for Transense positively and considering the Group's growth prospects and cash generation, believe an initial fair value could be around 150p which would put the shares on a forward PER of 19.9x 2023 earnings and an EV/EBITDA of 16.

Year End: June (£'000)	2019A	2020A	2021	2022E	2023E
REVENUE	596	603	1,773	2,618	3,586
ADJ. EBITDA	(701)	(681)	61	582	1,392
ADJ. (L)/PBT	(1,124)	(1,265)	(157)	357	1,171
ADJ. EPS (p)	(6.38)	(6.68)	0.96	2.56	7.55
NET CASH	2,647	1,193	1,046	1,111	2,047
EV/EBITDA (x)	-	-	-	29.7	11.7
PER (x)	-	-	-	43.8	14.8

Source: Transense; Allenby. Allenby Capital acts as Nomad and Broker to Transense Technologies plc (TRT.L).

Please refer to the last page of this communication for all required disclosures and risk warnings.

Full year results to 30 June 2021

The results for the year to June 2021 were generated from Transense's three revenue streams: licensing and royalty income from **iTrack,** product sales from **SAW** and **Translogik** and grant income. Revenue increased by 194%, substantially due to the inclusion of iTrack royalty income of £832k and an encouraging contribution of £764k from Translogik.

EXHIBIT 1: FULL YEAR FINANCIAL SUMMARY

Year to June	**2021**	*% change*	**2020**
	£000		**£000**
INCOME STATEMENT			
Revenue	1,773	*194.0%*	603
Gross profit	**1,388**	*318.1%*	**332**
GP margin	*78.3%*	*42.2%*	*55.1%*
Admin expenses (before D&A)	-1,334	*17.9%*	-1,131
as a % of revenues	*75.2%*	*-59.9%*	*187.6%*
Share based payments	-41	-	0
Other income	48	*-59.3%*	118
EBITDA	**61**	-	**-681**
EBITDA margin	*3.4%*	-	*-112.9%*
D&A	-206	*-64.0%*	-572
Operating profit/(loss)	-145	*-88.4%*	-1,253
Finance income/(expense)	-12	*0.0%*	-12
Pre-tax profit/(loss)	**-157**	*-87.6%*	**-1,265**
Tax	313	*78.9%*	175
Post tax profit/(loss)	156	-	-1,090
EPS (p)	0.96	-	-6.68
CASH FLOW			
Cash flow from operating activities	102		-1,572
Changes in working capital	-728	*158.2%*	-282
Tax	381		-4
Net movement in cash flow from operating activities	-245	*-86.8%*	-1,858
Cash flow from investing activities	1,184		-497
Cash flow from financing activities	-1,086		901
Net movement in cash during the year	**-147**		**-1,454**
Net cash year end	**1,046**	*-12.3%*	**1,193**
BALANCE SHEET			
Non-current assets	1,028	*-9.3%*	1,134
Cash	1,046	*-12.3%*	1,193
Total current assets	1,743	*-43.9%*	3,108
Total assets	**2,771**	*-34.7%*	**4,242**
Current liabilities	-325	*-82.8%*	-1,891
Non-current liabilities	-104	*-38.1%*	-168
Total liabilities	**-429**	*-79.2%*	**-2,059**
Net assets	**2,342**	*7.3%*	**2,183**
Net current assets	**1,418**	*16.5%*	**1,217**

Source: Transense

We discuss the operating activities and financial performance of each operating segment in the following pages.

Analysis by operating segment

iTrack

Following the transfer of iTrack to ATMS in June 2020, the business model for this activity now comprises royalty income, with an associated elimination of overheads. Thus revenue equates to profit and cash flow.

EXHIBIT 2: ITRACK SEGMENTAL ANALYSIS

	H1 2021	H2 2021	2021	2020
	£000	£000	£000	
Revenue	374	458	832	-
Gross profit	**374**	**458**	**832**	**-**
margin	*100.0%*	*100.0%*	*100.0%*	-
Overheads	-22	-25	-47	-
Operating profit	**352**	**433**	**785**	**-**

Source: Transense

iTrack is a tyre pressure monitoring system (TPMS) developed by the Company over the past several years. In June 2020, Transense announced that it had granted an exclusive worldwide licence to ATMS, a newly-formed wholly owned subsidiary of Bridgestone Corporation Japan (Bridgestone), covering all current and future iTrack technology for a period of ten years.

Technology exclusively licensed to Bridgestone with Transense enjoying an increasing level of royalty income with no overhead

The operational business and trading assets relating to the iTrack system were transferred to ATMS and under the licence agreement ATMS offers Bridgestone customers the iTrack TPMS for all off-the-road (OTR) vehicles based upon the iTrack technology. In return, Transense receives a quarterly royalty payment based upon the number and classification of vehicles upon which the iTrack technology is deployed over a ten-year period, including those trucks trialling the system.

Royalty income of £832k in the year with run rate at £1.21m as at end August…

As this is the first year of the licence agreement there are no comparatives. Royalty income of £374k in the first half grew to £458k in the second six months whilst the Sterling equivalent of the annualised rate of royalty increased by 76% from £0.64m at inception to a year end rate of £1.12m. Royalties are designated in US dollars, and the rate of growth is based on the volume increase, which, excluding the effects of foreign exchange fluctuations was 97%.

…thus putting upward pressure on forecasts…

The Board notes that since the year end the annualised run rate of royalties had increased further to £1.21m as at the end of August 2021. For reference, our forecast for royalties for the year ending June 2022 were £1.375m. This would imply that our forecasts are conservative, however, as noted above, royalties are designated in US dollars and so any weakening of £ against the $ would have a negative impact on translation.

…which have now been raised for 2022 and 2023

Nevertheless, our forecast would seem to be very achievable and we have therefore increased our royalty forecast for the year to June 2022 by 11% from £1.375m to £1.525m and for 2023 by 4% from £2.254m to £2.354m.

Possibility of entering into forward exchange contracts to smooth out currency fluctuations

The Board has noted previously that the stream of future royalty income can be forecast with reasonable certainty and will become increasingly predictable over time as the rate of growth becomes more firmly established. As a consequence, it will look at the possibility of entering into forward foreign exchange contracts with a view to smoothing out such currency movements in future periods and locking in income at what it considers to be attractive rates.

Roll out of iTrack gathering pace…

The roll-out of iTrack by ATMS is gathering pace and its marketing strategy is currently focused on selling into major global accounts and encouraging Bridgestone's mining customers to upgrade from its own proprietary TPMS solution known as B-TAG.

This is partly being achieved through offering customers trials of iTrack, for which Transense still receives royalties but will in addition be driven by Bridgestone's own agenda to heighten the awareness of iTrack with a ramp up in the marketing of its OTR solutions portfolio (which incorporates iTrack) recently showcased at the MINExpo 2021 three-day event in Las Vegas.

…and will be enhance through embedding the system into Otraco's installed base

This is expected to be enhanced following completion of the proposed acquisition of Otraco International PTY which will expand the Group's global mining solutions capabilities in core markets such as Australia, Chile and South Africa.

Combining Otraco's extensive service network, with Bridgestone's tyre portfolio strengthens Bridgestone's ability to supply OTR customers worldwide, especially as Otraco solutions include tracking tyres throughout their lifecycle via the computer-aided Otracom Tyre Management System which is designed to integrate with TPMS solutions such as iTrack.

SAW

Sensor systems for measuring torque, temperature and pressure, wirelessly

SAW develops, markets and licenses patent-protected sensor systems for measuring torque, temperature and pressure, wirelessly and without the need for batteries, using Surface Acoustic Wave (SAW) technology. As no batteries or wires are required, the sensors can be used in applications that traditional sensors cannot, such as on rotating shafts or in environments where access to the sensors is difficult or potentially hazardous.

EXHIBIT 3: SAW SEGMENTAL ANALYSIS

	H1 2021	H2 2021	2021	2020
	£000	£000	£000	£000
Revenue	114	63	177	93
Gross profit	**109**	**62**	**171**	**83**
margin	95.6%	98.4%	96.6%	89.2%
Overheads	-461	-456	-917	-783
Other income	48	0	48	118
Operating profit	**-304**	**-394**	**-698**	**-582**

Source: Transense

Revenues increased to £177k from £93k

In the twelve months to June 2021, revenues from SAW increased from £93k to £177k and further grant income was received in the first half amounting to £48k. Management makes the point that SAW is the only part of the Company's operations that requires some bespoke business premises, thus the cost associated with running these premises is allocated to SAW hence the high overheads, relative to turnover.

A substantial element of this revenue is generated from motor sport which is a seasonal business and where this technology for torque sensing is utilised at a regulatory body level as a control sensor for rules compliance, and for performance advantage.

Continuing on the motor sport theme, Transense announced in September 2021, that it had signed a Joint Collaborative Agreement (JCA) with McLaren Applied. This follows on from the Joint Development Agreement that Transense and McLaren Applied agreed in 2011 which was to develop non-contact torque products for specific motorsport applications and target customers using the Company's SAW technology.

JCA recently announced with McLaren

The new agreement is initially for five years and will continue development of the Transense Torque Measurement System. Under the JCA, McLaren Applied have exclusivity in elite motorsport drivetrain applications in exchange for meeting minimum target revenues (quantum undisclosed) on an annual basis over five years.

Sufficient opportunities identified to warrant a limited investment in headcount…

Management notes a number of sectors (particular aerospace and agriculture) and commercial opportunities that it and its advisory panel "SAWCAP" have identified sufficient to justify a modest investment in people and equipment, including the addition of three key additional members which we understand to be a mechanical engineer, an RF engineer and a design and test engineer. These additions to the headcount allow SAW to explore further opportunities in its targeted sectors as well as exploit more near-term opportunities.

Limited increase in opex of around £250k pa to be funded through an anticipated increase in profits from other divisions

We have assumed that the annual costs attributable to this operating expenditure to be around £250k per annum. This will be fully funded through an anticipated increase in profits from the Company's other two operating segments and so does not negatively impact our forecasts for the Company as a whole.

Also considering some modest capex

In addition, the Board is currently evaluating potential capital expenditure in the region of £0.15m to facilitate increased test and production volumes to meet potential demand, however, this has not been factored into our cash flow projections.

Aim is for SAW to become financially self-sufficient

To date, the Board is satisfied both with progress during the year and the pipeline of potential opportunities and it continues to pursue its short-term objective of SAW being financially self-sufficient as a contributor to the Company's financial results, whilst continuing to seek applications that can deliver further substantial streams of licensing income over the long term.

Current year forecasts for SAW unchanged but a modest increase in revenue and profit expectations for 2023

While we are leaving current year forecasts for SAW unchanged, we do anticipate an increase in revenues and gross profit over and above our previous forecast for 2023 which acknowledges the increasing traction being enjoyed by the business, the contribution from SAWCAP and the traction from investments being undertaken in the current year.

Background

Licence agreement with GE signed in 2016

In July 2016, GE signed a licencing agreement with Transense for the use of its SAW technology in certain specific torque applications. The agreement, which was non-exclusive, was followed by an announcement in February 2019 that GE Aviation's T901-GE-900 engine had been selected by the U.S. Army for the Engineering and Manufacturing Development (EMD) phase of the Improved Turbine Engine Program (ITEP).

The T901 engine incorporates a Transense SAW sensor and the US Army intends to replace the more than 6,000 engines installed in their current fleet of Boeing AH-64 Apaches and Sikorsky UH-60 Black Hawks. The wider market for the T901 includes replacement engines for these aircraft in military forces outside of the USA as well as other military and commercial vertical take-off aircraft opportunities globally. GE will pay a perpetual sales royalty to Transense in respect of each unit using the technology.

During 2020, the ITEP successfully completed each of three Critical Design Review (CDR) events and by completing the CDR, ITEP is positioned to execute the first engine to test (FETT) no later than the fourth quarter of the US fiscal year 2021. Production is expected to commence in 2024, reaching full scale volumes by 2026.

Translogik

EXHIBIT 4: TRANSLOGIK SEGMENTAL ANALYSIS

	H1 2021	H2 2021	2021	2020
	£000	£000	£000	£000
Revenue	408	356	764	510
Gross profit	**212**	**173**	**385**	**249**
margin	*52.0%*	*48.6%*	*50.4%*	*48.8%*
Overheads	-62	-52	-114	-121
Operating profit	**150**	**121**	**271**	**128**

Source: Transense

Significant increase in revenues and profits for the year…

Revenues for the twelve months to June 2021, increased by 50% to £764k and gross margins rose from 48.8% to 50.4%. With stable overheads, operating profit rose strongly, by 211% to £271k, comfortably ahead of the Board's annual budget.

…supported by interest in a new range of tyre probes…

Revenue growth was supported by the introduction of the new modular TLGX series described below and sales started well with the new product range accounting for more than 27% of total sales value during the year.

… causing a temporary reduction in demand for first generation probes in H2

In the second half of the year, trials of the new TLGX range by major tyre OEMs and fleet management software providers temporarily reduced demand for the segment's first-generation tyre probes. The impact of this can be seen in Exhibit 4 above in lower revenues and profit compared to H1.

The Board notes that these trials were successful with the switch to the new range now well underway and has also prompted commercial discussions to secure mutual longer-term commitments and the prospect of further customisation of products to align with customers' fleet management solutions.

Excellent progress leads to an increase in our expectations for 2022 and 2023

The level of trading within Translogik is very encouraging and as an acknowledgment of this we have raised our revenue forecasts in 2022 by 33% from £611k to £811k and in 2023 by 30% from £672k to £872k. Gross profit is increased by 27% in 2022 from £366k to £466k and in 2023 by 25% from £403k to £503k. The implied gross margins are slightly below those previously forecast, by 410bpts in 2022 and 380bpts in 2023 and reflect inevitable pricing pressures from customers and in common with other industries, the expectation of component shortages.

Background

Translogik's product portfolio focuses on probes that measure tyre tread depth and pressure, as well as temperature data collection tools for truck and bus tyre inspections, RFID (Radio Frequency Identification) tags, patches and UHF readers.

The product range has been designed principally for fleet management companies in conjunction with major global tyre manufacturers and fleet management software companies and is compatible with the tyre management systems of the world's leading tyre producers.

The current product range includes the TL-G1 Tyre Probe which Translogik has been selling for over 25 years and the new modular TLGX series 1 through 4, with models 3 and 4 incorporating RFID readers and 4 being the most recent introduction which also includes the ability to read TPMS sensors.

As far as we are aware Translogik probes are the global market leaders and have more probes integrated within the major tyre manufacturers than any of its competitors. It is also a global business with sales to over 40 countries and with Asia pacific probably accounting for around 50% of sales.

Revenue and gross profit forecasts raised

Forecasts for revenue and gross profit raised for 2022 and 2023…

As detailed earlier in this note, as an acknowledgment of the strong growth and encouraging outlook for Translogik, the better-than-expected royalty run rate in iTrack and a modest increase in SAW revenues in 2023, we have raised our forecasts for revenue and gross profits for 2022 and 2023 as shown in Exhibit 5 below.

EXHIBIT 5: INCREASES IN REVENUE AND GROSS PROFIT FORECASTS

	2022			2023		
	OLD	NEW	*change*	OLD	NEW	*change*
	£000	£000		£000	£000	
iTrack	1,375	1,525	*10.9%*	2,254	2,354	*4.4%*
SAW	282	282	*0.0%*	310	360	*16.1%*
Translogik	611	811	*32.7%*	672	872	*29.8%*
Total revenue	**2,268**	**2,618**	*15.4%*	**3,236**	**3,586**	*10.8%*
iTrack	1,375	1,525	*10.9%*	2,254	2,354	*4.4%*
SAW	253	253	*0.0%*	279	329	*17.9%*
Translogik	366	466	*27.3%*	403	503	*24.8%*
Total gross profit	**1,994**	**2,244**	*12.5%*	**2,936**	**3,186**	*8.5%*
iTrack margin	*100.0%*	*100.0%*	*0.0%*	*100.0%*	*100.0%*	*0.0%*
SAW margin	*89.7%*	*89.7%*	*0.0%*	*90.0%*	*91.4%*	*1.5%*
Translogik margin	*59.9%*	*57.5%*	*-4.1%*	*60.0%*	*57.7%*	*-3.8%*
Total gross margin	***87.9%***	***85.7%***	*-2.5%*	***90.7%***	***88.8%***	*-2.1%*

Source: Transense; Allenby

Carefully targeted investment in SAW

…this increase in income is expected to be reinvested in funding additional opex within SAW…

The increase in gross profit for each of the forecast years is expected to be deployed in the funding of additional operating expenditure in the SAW operating segment to exploit a number of opportunities that the Board has identified, as detailed in the section above on SAW on page 5.

…but carefully targeted investment – not speculative

We understand that this tactical increase in overhead expenditure has been carefully targeted to position the business to be able to fully exploit specific opportunities that management has identified. Transense is not, and will not, be undertaking any speculative investment in SAW and this current, limited, investment should not be construed as the start of an escalating trend over future years.

EBITDA and loss/profit before tax unchanged

Current profit forecasts are unchanged and remain prudent

Consequently, although additional opex in SAW is now underway, it will not impact our forecast earnings for Transense as a whole. Any further investment in SAW is expected to be self-funding from within the operation segment. The forecast decline in SAW gross margins in 2023 (Exhibit 5) takes a prudent view of customer pricing pressure (which is being resisted) and a shortage of components putting pressure on input prices.

Conclusion

A transformational year

Transense is a company reborn following the transformational exclusive licensing of its iTrack technology to Bridgestone in 2020. This business, from being a loss-making activity with an increasing overhead burden is now a cash cow that is set to produce an increasing annuity stream of royalty income until 2030. Management can now focus on building revenues in other two operating segments as well as being in a strong position to consider future opportunities for acquisitive growth.

Strong progress expected from iTrack as the installed base of OTR vehicles incorporating its technology increases

In the short-term we expect royalty income from iTrack to increase substantially as the installed base of the technology into OTR mining vehicles increases. This will be driven by Bridgestone's own agenda to heighten the awareness and ramp up the marketing of its OTR solutions portfolio (which incorporates iTrack) and recently showcased at the MINExpo 2021 three-day event in Las Vegas. We also anticipate additional growth in iTrack's installed base from the adoption of its technology by Otraco following its acquisition by Bridgestone which is expected to be completed in 2021.

Positive outlook for Translogik as it looks to leverage its world-leading position in tyre probes

Translogik should also be capable of generating strong growth as its new range of tyre probes gains traction in the marketplace and it leverages its world leading position in tyre probe solutions.

SAW still embryonic but with huge potential and with a very valuable licensee in GE

SAW is still in the early stages of seeking applications in industry for its surface acoustic wave technology. However, for all its embryonic status as a contributor to Transense results, it has a highly valuable licensee in GE which will begin to generate long-term revenues for the Group from 2023/24. To a more modest extent we would also highlight the recent Joint Collaboration Agreement with McLaren.

With additional investment in headcount, the valuable contribution from SAWCAP and an increased focus on commercialising the technology, we view the future of SAW quite positively.

Transense has been reborn and therefore the outlook for all divisions is very strong

Transense's prospects have been transformed since the agreement to licence iTrack to Bridgestone was signed in 2020. With the associated overhead completely eliminated and a steady increase in cash royalties to look forward to over the next nine years the outlook for Transense is extremely positive and we continue to believe that our forecasts are prudent.

Initial fair value seen at 150p

Considering the Group's growth prospects, strong cash generating capabilities and a market leading position in each of its operating segments, we believe that a reasonable initial fair value for this Company should be around 150p which would put the shares on a forward PER of 19.9x 2023 earnings and an EV/EBITDA of 16.

Income statement and forecasts

EXHIBIT 6: INCOME STATEMENT

	£000	£000	£000	£000
Y/E June	**FY 2020A**	**FY 2021A**	**FY 2022E**	**FY 2023E**
UNDERLYING				
Revenue	603	1,773	2,618	3,586
Cost of sales	-271	-385	-374	-400
Gross profit	**332**	**1,388**	**2,244**	**3,186**
margin	*55.1%*	*78.3%*	*85.7%*	*88.8%*
Administrative expenses	-1,131	-1,334	-1,618	-1,764
as a % of revenue	*187.6%*	*75.2%*	*61.8%*	*49.2%*
Other income	118	48	0	0
Share based payments	0	-41	-44	-30
Underlying EBITDA	**-681**	**61**	**582**	**1,392**
EBITDA margin	*-112.9%*	*3.4%*	*22.2%*	*38.8%*
Depreciation	-90	-85	-25	-21
Amortisation	-482	-121	-200	-200
Underlying operating profit/(loss)	**-1,253**	**-145**	**357**	**1,171**
Operating profit margin	*-207.8%*	*-8.2%*	*13.6%*	*32.7%*
Finance income/(expense)	-12	-12	0	0
Underlying profit/(loss) before tax	**-1,265**	**-157**	**357**	**1,171**
Tax	175	313	60	60
Underlying profit/(loss) after tax	**-1,090**	**156**	**417**	**1,231**
STATUTORY				
Underlying operating profit/(loss)	-1,253	-145	357	1,171
Exceptional items	0	0	0	0
Statutory operating loss	-1,253	-145	357	1,171
Finance income/(expense)	-12	-12	0	0
Statutory (loss)/profit before tax	**-1,265**	**-157**	**357**	**1,171**
Tax	175	313	60	60
Statutory (loss)/profit after tax	**-1,090**	**156**	**417**	**1,231**
Weighted average shares (m)	16.307	16.307	16.307	16.307
Year-end shares (m)	16.307	16.307	16.307	16.307
EPS Basic (p)	(6.68)	0.96	2.56	7.55
EPS FD (p)	(6.68)	0.96	2.56	7.55

Source: Transense; Allenby

Balance sheet and forecasts

EXHIBIT 7: BALANCE SHEET

	£000	£000	£000	£000
Y/E June	**FY 2020A**	**FY 2021A**	**FY 2022E**	**FY 2023E**
Non-current assets				
PP&E	290	211	228	235
Intangible assets	844	770	659	557
Total non-current assets	**1,134**	**1,028**	**994**	**959**
Current assets				
Inventories	63	73	193	193
Tax	175	60	0	0
Receivables	1,677	564	761	1,123
Cash	1,193	1,046	1,111	2,047
Total current assets	**3,108**	**1,743**	**2,065**	**3,363**
Total assets	**4,242**	**2,771**	**3,059**	**4,322**
Current liabilities				
Payables	-854	-260	-142	-128
Borrowings	-976	0	0	0
Lease liabilities	-61	-65	0	0
Tax	0	0	-80	-132
Provisions	0	0	0	0
Total current liabilities	**-1,891**	**-325**	**-222**	**-260**
Non-current liabilities				
Lease liabilities	-168	-104	-103	-32
Total non-current liabilities	**-168**	**-104**	**-103**	**-32**
Total liabilities	**-2,059**	**-429**	**-325**	**-292**
Net current assets	**1,217**	**1,418**	**1,843**	**3,103**
Net assets	**2,183**	**2,342**	**2,734**	**4,030**

BALANCE SHEET RATIOS

	£000	£000	£000	£000
Y/E June	**FY 2020A**	**FY 2021A**	**FY 2022E**	**FY 2023E**
Long-term financial debts	-	-	-	-
Short term financial debts	(976)	-	-	-
Gross (debt)	(976)	-	-	-
Cash and cash equivalents	1,193	1,046	1,111	2,047
Net (debt) / cash	217	1,046	1,111	2,047
Acid test (Current Assets less inventory / Current Liabilities)	1.61	5.14	8.43	12.19

Source: Transense; Allenby

Cash flow and forecasts

EXHIBIT 8: CASH FLOW

	£000	£000	£000	£000
Y/E June	**FY 2020A**	**FY 2021A**	**FY 2022E**	**FY 2023E**
Loss from operations	-2,542	156	357	1,171
Financial income	9	12	0	0
Tax	-171	-313	0	0
Loss on disposal of trade & assets	72	0	0	0
Depreciation	538	85	25	21
Loss on disposal of fixed assets	18	0	0	0
Amortisation	504	121	200	200
Share based payments	0	41	44	30
Unrealised currency gain/(loss)	0	0	0	0
Cost of capital restructure	0	0	0	0
Operating cash flow before WC	**-1,572**	**102**	**626**	**1,422**
(Increase)/decrease in receivables	*-177*	*-124*	*-344*	*-268*
Decrease/(increase) in payables	*477*	*-594*	*15*	*11*
Decrease/(increase) in inventories	*-582*	*-10*	*0*	*0*
Decrease/(increase) in lease receivables	*0*	*0*	*-92*	*-92*
Net change in WC	***-282***	***-728***	***-421***	***-349***
Cash used in operations	**-1,854**	**-626**	**205**	**1,073**
Tax	-4	381	60	60
Net cash used in operations	**-1,858**	**-245**	**265**	**1,133**
Interest received	8	0	0	0
Purchase of PP&E	-764	-6	-36	-36
Purchase of intangible assets	-513	-47	-96	-96
Proceeds from disposal of trade & assets	772	1,237	0	0
Net cash used in investing activities	**-497**	**1,184**	**-132**	**-132**
Proceeds from issue of shares	0	0	0	0
Loans advanced	1,585	0	0	0
Loans repaid	-609	-976	0	0
Interest paid	-17	-12	-8	-5
Payment of lease liabilities	-58	-60	-60	-60
Net cash from financing activities	**901**	**-1,086**	**-68**	**-65**
Net change in cash	**-1,454**	**-147**	**65**	**936**
Cash at start of year	2,647	1,193	1,046	1,111
Cash at end of year	**1,193**	**1,046**	**1,111**	**2,047**

Source: Transense; Allenby

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