



Registered number 01885075

**Annual report and financial
statements**

For the year ended 30 June 2026

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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) ^(1,2)
C B Wilson (Non-Executive Director) ^(1,2)

1 Member of the Audit and Risk Committee

2 Member of the Remuneration Committee

Company Secretary and Registered Office

M Segal
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Auditor

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Statutory Auditor
Sky View
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Bankers

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Registration Number 01885075

Financial Highlights

- Total revenue down* 17% to £4.63m (FY25: £5.55m)
- SAWsense revenue up 20% to £1.33m (FY25: £1.11m)
- Translogik revenue down 5% to £1.26m (FY25: £1.32m)
- Bridgestone iTrack royalty income down* 34% to £2.04m (FY25: £3.11m)
- Gross margin at 88.1% of revenue (FY25: 89.9%)
- Adjusted EBITDA** of £0.66m (FY25: £1.96m)
- Adjusted profit before taxation*** of £0.02m (FY25: £1.53m)
- Cash and cash equivalents at year end of £1.50m (FY25: £1.14m)
- Distributable reserves at year end of £4.74m (FY25: £4.85m)

* The unit rate of royalty income from Bridgestone iTrack reduced by 40% from 24 June 2025, reducing by approximately £1m

**Adjusted EBITDA comprises Earnings Before Interest, Taxation, Depreciation, Amortisation and share-based payment charge

***Adjusted profit before taxation before deduction of share based payment charge for the year of £0.13m (FY25: £0.15m)

Chairman's Statement for the year ended 30 June 2026

The financial year ended 30 June 2026 was challenging. The ambitious rate of revenue growth expected at the beginning of the year for both operating businesses were not achieved. Whilst the financial results are therefore disappointing, the Board considers that short term revenue generation is only one factor in judging the delivery of long-term value for shareholders, which is the main priority for the Company.

SAWsense delivered 20% growth in revenue through building on close customer relationships in Aerospace and Motorsport and starting development work with key customers that form the bridgehead into volume production in larger target markets; Robotics and Electric Drives.

Translogik revenues were marginally lower due to reduced demand from long established tyre manufacturing customers, which was offset by new direct and reseller business in accordance with our sales strategy for the segment. The pipeline of new business wins grew steadily throughout the year, and post-year end announcements are expected to translate into healthy revenue growth in the coming year.

Royalty income from Bridgestone iTrack reduced in accordance with the licence terms yet continued to make a significant contribution to income and cash generation. Underlying volume growth was slightly below the expectations for the year, however picked up towards the end of the year and into the current period.

The Board has continued to maintain close control of profitability before interest, taxation, depreciation and amortisation (EBITDA) as a proxy for cash generation, and to release investment resources into capital equipment, component origination and product development at an affordable level.

Business Strategy

The business strategy of the Company is to commercialise innovative sensing and measurement solutions through its two active business segments: SAWsense and Translogik.

SAWsense develops and supplies advanced sensor solutions for accurate, non-contact measurement of torque, force, pressure, and temperature. Using patent-protected Surface Acoustic Wave (SAW) sensor technology, SAWsense serves blue-chip customers in Robotics, Aerospace, Electric Motors and Drives (EMD), and Motorsport. The Company has a skilled engineering team and is investing in technology and manufacturing process development to support customer demand and future growth.

Translogik, develops and supplies smart, connected tyre inspection equipment, primarily for the truck and bus market. Translogik designs, manufactures and sells tyre inspection tools to (1) major tyre manufacturers for their managed tyre operations, (2) direct to fleet end users and tyre service providers with or without accompanying software, and (3) through distribution channels and software providers as resellers.

In addition, the Company earns residual royalty income from Bridgestone iTrack, a system developed by the Company for monitoring mining haul truck tyre performance which was licenced to Bridgestone Corporation for a ten-year period expiring in 2030.

Financial Overview

Total revenue reduced by 17% to £4.63m (FY25: £5.55m) and adjusted profit before tax and share based payment charges amounted to £0.02m (FY25: £1.53m). Both of these key measures were primarily down as a consequence of the 40% reduction in contracted unit royalty rates from Bridgestone iTrack leading to a reduction in revenue and profits of approximately £1m. Adjusted EBITDA was £0.66m, compared with £1.96m in the prior year.

Operating cash flow was £0.85m (FY25: £2.05m) and investment in plant, equipment and development costs was £1.28m (FY25: £2.09m), partly funded by the drawdown of an asset-backed finance facility of £0.97m (FY25: £nil).

Chairman's Statement (continued)

The financial position continued to be robust with net assets steady at £7.14m or 47 pence per share (FY25: £7.12m and 47 pence respectively), and available cash resources stood at £1.50m (FY25: £1.14m). Net cash after asset finance loans was £0.57m (FY25: £1.14m). The company holds shares for treasury at a total cost of £1.03m; an average cost of £0.84p per share. Distributable reserves (net of treasury shares) closed at £4.74m (FY25: £4.85m).

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.

Business Overview

The external trading environment has undoubtedly been more difficult than anticipated at the start of the financial year. Whilst geopolitics do not have a direct bearing on our activities, nevertheless our target customers in both businesses are large multinational companies that are not immune. The business climate has been generally more risk averse, and the decision process for investment in new technology is more rigorous and protracted.

Against that backdrop, our products and services deliver measurable performance advantages and cost-saving efficiencies and are therefore arguably more capable of justification in a risk-off world.

SAWsense

SAWsense has continued to build on the firm foundations of the relationship with GE Aerospace as a lead customer in the aerospace sector, contributing engineering expertise and componentry to the T901 program as it moves from development to initial production, and supporting the development of next generation propulsion systems through the HEAT and RISE programs. Our work with Airbus on the LandOne project for next generation landing gear continues to progress well and has led to other ongoing projects within the Airbus business providing a platform for close co-operation in future. Development projects with additional aerospace customers are continuing at timescales inherent for the industry.

The joint collaboration agreement completed in 2021 with Motion Applied in the motorsport market has continued to deliver significant revenue in FY26, although this was at a similar level to that of FY25. Motion Applied has a strong pipeline of new opportunities that should drive future growth within motorsport, and the basis for renewal of the framework agreement is under constructive discussion.

Our entry into the robotics market has been successful and this market shows a demand and timescale of development that is faster than markets such as Aerospace. We now have running projects deploying SAW technology into market leading robotics OEMs and actuator manufacturers that are progressing through development and have visible production timescales within the next 12 to 18 months, as well as some longer-term programs.

The business continues to make progress in the Electric Motors and Drives (EMD) market, working with leading global tier 1 suppliers of electric propulsion systems for the automotive and eBike markets. We continue to work on existing projects and develop new opportunities in this sector. Revenues from engineering are expected to increase in the current year, and there is a significant opportunity for progress into production in the near-term.

Levels of technical and manufacturing readiness continue to progress. The pilot production line is now operational at the Weston on the Green facility and is being used to develop and demonstrate automated, high-volume capable manufacturing processes for the assembly and calibration of sensing systems. The pilot line also provides capacity for cost effective and repeatable production of torque measurement systems for low volume markets such as our motorsport and future aerospace business. For higher volume customers, Transense will support them to transfer process technology from the pilot-line to their own in-house facilities, or those of Tier 1 suppliers, who will then purchase approved components under licence from SAWsense to fulfil demand.

In addition to commissioning the pilot line, the company continues to invest in the development of a suite of next-generation components including a new Application Specific Integrated Circuit (ASIC) and innovative sensing elements. Timescales on these investment programmes have been extended in response to reduced resource availability, however this decision will not impact on production readiness on key projects.

Chairman's Statement (continued)

Translogik

At the beginning of the financial year, the sales structure of Translogik was revamped to refocus on the conversion of strategic customer relationships and development of a longer-term pipeline with better visibility. The pipeline of new and larger customer opportunities has grown substantially, and has offset the reduction in business from the more traditional customer base.

Historically, the main market for Translogik products was with global tyre manufacturers who use the tools in their commercial vehicle businesses to enable rapid and accurate tyre inspection data to be captured as part of managed tyre contracts (tyre as a service or pay per mile) for major commercial vehicle fleets using the tyre OEMs own software. Whilst this has been a growing market in prior years, it is highly competitive for the tyre manufacturers and remains a small overall proportion of the global tyre market. Translogik has recently announced a new initiative with a large existing tyre manufacturer which is expected to deliver significant new business in the coming year and continues to foster close working relationships with other leading manufacturers.

Apart from business with the tyre manufacturers, Translogik has built the ability to secure direct business with commercial vehicle fleets and tyre service providers by providing full tyre lifecycle management software and tool solutions to a wider section of the market. This includes partnering with software providers, both as resellers of our hardware and as providers of software to bundle and offer our customers on subscription, and appointing stockholding distributors in key overseas territories to expand geographical reach. We have recently announced key new customers supporting growing legislation driven requirements for digital tyre lifecycle management and Tyre Pressure Monitoring Sensor (TPMS) system service and maintenance.

The company has also launched new complementary products to grow its revenue within an expanding customer base and market. The recently launched TLGi smart digital tyre inflator is starting to be supplied for integration into customers software ecosystems with further product launches planned in the coming months.

iTrack Royalty Income

Royalty income from Bridgestone iTrack generated income of £2.04m during the year, a decrease of 34% over the prior year (FY25: £3.11m). The underlying volume increase was around 7% but was offset by the 40% reduction in unit rates and diluted by a further weakening of the US dollar conversion rate during the financial year. Over the six completed years since the inception of the licence, it has generated more than £12m in royalty income, and the closing annualised rate was US\$2.8m. The unit royalty in this financial year (FY27) will continue at the current rate, before reducing by a further 33% (to 40% of the original rate) in the next financial year (FY28) and terminating in June 2030 in accordance with the licence agreement.

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 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 (Nigel Rogers), two independent non-executive directors (Steve Parker and Craig Wilson), and two executive directors (Ryan Maughan and Melvyn Segal). The Board is satisfied that a five-person Board with two independent non-executive directors represents an appropriate degree of constructive challenge to the executive team. Melvyn Segal has indicated his intention to step down as CFO at the upcoming AGM in November 2026 and will remain on the board in a non-executive capacity until the subsequent AGM in 2027. Richard Pearce ACA joined the company on 1 September 2026 as Finance Director and is expected to join the board in November 2026

Chairman's Statement (continued)

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 has 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 may execute further market purchases in future should suitable opportunities arise, subject to the renewal of shareholder approval for such action at the upcoming Annual General Meeting.

The Board considers the commencement of dividends would be 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

The Board continues to consider it appropriate to set ambitious growth targets for FY27, and these represent an increase in total revenue exceeding 25% year on year. Performance is monitored closely, with the primary focus on cash generation to preserve adequate resources to fund continued investment for the future.

The trading for the first two months of the financial year is in line with management expectations which are, as in the previous year, more stretching as the year progresses.

SAWsense has good prospects for current year growth in both motorsport and aerospace sectors from its ongoing relationships, and is progressing funded development projects in electric drives, industrial automation and robotics intended for production during FY28.

The underlying "run rate" of sales for Translogik is increasing, and new customer wins since the year end prime the business to return to a growth trajectory this year. This will be enhanced by new product launches, including bespoke tools for Continental.

The unit royalty rate from Bridgestone iTrack is unchanged in FY27, with a pipeline of new installations that indicates increased volume growth this year ahead of the final unit rate reduction in June 2027.

Overall, the Board is satisfied with progress and believes that the Company is well placed to absorb the effect of the next royalty rate reduction in FY28, and position both businesses as key enabling technologies in dynamic markets in an AI adapted world by the end of the decade.

Nigel Rogers

Executive Chairman

21 September 2026

Financial Review

Results for the Year

Revenues for the year reduced by 17% to £4.63m (FY25: £5.55m), with SAWsense up by 20%, Translogik down by 5% and royalty income from Bridgestone iTrack decreased 34%, reflecting the 40% reduction in unit rates compared with the prior year. The Company's gross margin was again strong at 88.1% of revenue (FY25: 89.9%) amounting to £4.08m (FY25: £4.99m).

Operating expenses increased to £4.17m (FY25: £3.59m), with the main increases reflected in additional head count accounting for an increase in salary costs of £0.52m although offsetting this increase was the salary credit element relating to R & D costs which increased by £0.28m. Additionally, as expected, depreciation charges increased by £0.15m reflecting the substantial investment in new plant and equipment.

Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation (AEBITDA) was £0.66m (FY25: £1.96m), and the adjusted net profit before taxation was £0.02m (FY25: £1.53m).

The tax charge for the year was £Nil (FY25: £Nil), resulting in a net loss after taxation of £0.11m (FY25: profit of £1.41m) and earnings per share of negative 0.69 pence (FY25: positive 9.25 pence). The Company has accumulated UK tax losses at 30 June 2026 of £21m available for offset against future profits, subject to HMRC agreement. Currently £5.90m of tax losses is currently recognised for deferred taxation purposes (FY25: £5.90m), resulting in a deferred taxation asset of £1.47m.

Segmental Review

SAWsense

SAWsense revenue increased by 20% to £1.33m (FY25: £1.11m). Operating costs increased by £0.45m from £1.52m in FY25 to £1.97m in FY26 reflecting a £0.29m increase in salary costs as a result of the increased head count that commenced during FY25 and reflected a full year charge in FY26. Another major increase saw the depreciation charge increase year on year by £0.13m reflecting the substantial investment in plant and equipment. These increases resulted in the net negative contribution from SAWsense increasing by £0.32m from £0.46m in FY25 to £0.78m in FY26.

Revenue is generated from production assemblies made at our facility at Weston on the Green in low- to mid-volume, sale of approved components for authorised customers to build into their own assemblies where higher volumes justify their own production capabilities, non-recurring engineering (NRE) charges for application engineering, prototyping and development of future products, as well as securing government grant-support for collaborative development activity with key customers.

Revenue for each of these categories increased as follows:

Type of revenue	FY26	FY25
	£m	£m
Production assemblies	0.41	0.44
Componentry	0.33	0.07
NRE	0.18	0.21
Grant income	0.40	0.39
Royalty income	0.01	0.01
Total	1.33	1.12

Financial Review (continued)

SAWsense continues to focus on four market sectors in which there are applications with clear differentiated benefits and strong customer pull: Aerospace, Electric Motors & Drives (EMD), Industrial Machinery (including Robotics) and Motorsport. Revenue was distributed as follows:

Market sector	FY26	FY25
	£m	£m
Aerospace	0.48	0.39
Motorsport	0.41	0.44
EMD	0.36	0.26
Robotics	0.08	0.02
Total	1.33	1.11

Translogik

Our range of tyre inspection equipment marketed under the Translogik brand generated revenue of £1.26m; a slight reduction of 5% over the prior year (FY25: £1.32m). There was healthy growth from new business and categories of revenue where our focus is directed, offsetting a reduction in legacy business from the global tyre majors. Gross margin experienced a 6% improvement to 68% (FY25: 62%) as efficiency savings were delivered. The segmental operating profit for the year increased to £0.40m (FY25: £0.37m) as a result.

Revenue by customer type was as follows:

Type of customer	FY26	FY25
	£m	£m
Global tyre majors	0.43	0.65
Fleets/service providers	0.15	0.17
Software resellers	0.46	0.41
Distribution resellers	0.15	0.09
Subscription services	0.07	-
Total	1.26	1.32

Following the post-year end announcements of new business wins, it is anticipated that each of these categories of customer type will deliver year-on-year growth in FY27.

Financial Review (continued)

Financial Position and Cash Flow

The Group's financial position remained robust during the year with net assets of £7.14m (FY25: £7.12m). Net available cash balances amounted to £1.50m at the year-end (FY25: £1.14m), and the final quarter royalty income from Bridgestone iTrack received on 31 July 2026 amounted to £0.52m (FY25: £0.77m).

Net cash generated from operations amounted to £0.85m (FY25: £2.05m). This was re-invested in capital expenditure of £1.28m (FY25: £2.09m), supported by the drawdown of a secured £1m asset finance facility to support the investment in new plant & machinery. The Directors anticipate that the Company will continue to be cash generative for the foreseeable future.

Going Concern

The Group meets its day to day working capital requirements through existing cash reserves and does not currently have an overdraft facility but has, as noted in the accounts, received asset finance loans to support the major capital expenditure on Plant and Equipment of just under £1m. Following four profitable years the earnings before tax (EBT) for the year ended 30 June 2026 showed a small loss of £0.10m which after adjusting for share based payments becomes an adjusted EBT of £0.02m profit. The directors have prepared sensitised revenue forecasts used in the cash flow forecasts for the period through to 31 December 2027 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. The first two months of the new year have produced profitable results in excess of the budget for the year.

Financial Review (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.

KPI's		
	FY26	FY25
	£000's	£000's
Turnover - (£m) *	4.63	5.55
Adjusted EBITDA - (£m) **	0.64	1.97
Adjusted EBT - (£m) **	0.02	1.53
EPS - attributable to shareholder (Pence)	(0.69)	9.25
Closing share price (Pence)	48.00	157.50
Net cash generated/(used) in operations (£m)	0.85	2.05
Closing cash balance (£m)	1.50	1.14
Net closing cash balance (£m)	0.57	1.14
Cash per share (Pence)	9.85	7.50
Net cash per share (Pence)	3.71	7.50
Consolidated Net Assets (£m)	7.14	7.12
Net assets per share (Pence)	46.93	46.78
Market Capitalisation at year end (£m)	7.31	23.97
Shares in issue (million) ***	15.20	15.20

* Including Grant income of £0.40m (2025: £0.39m).

** Adjusted EBITDA excludes the charge for share based payments £0.13m (2025: £0.15m).

*** Based on free shares in issue of 15,219,884 (2025: 15,219,884). Free shares are calculated based on the total issued share capital of 16,437,740 less Treasury shares of 1,217,856 (2025: 1,217,856).

Financial Review (continued)

Principal risks and uncertainties

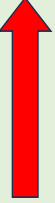
Risk management is essential as part of the management process. Regular reviews are undertaken to assess the nature and magnitude of risks faced and the manner in which they may be mitigated. Where controls are in place, their adequacy is monitored.

Risk and Uncertainty	Details of Risk & Impact	Mitigation	Year on Year change in risk FY 26
Funding & Cashflow	The company requires funding to support ongoing working capital requirements arising from future growth in addition to the ongoing Capital investment in both new equipment and research and development. An important source of funding in the past 6 years has come from the Royalty income from Bridgestone iTrack deal. This funding is now 6 years into its 10 year tenure and with effect from July 2027 will see a fall in royalty rates of 40%.	The Bridgestone iTrack royalty income, despite reduced unit rates that commenced in July 2025 and a further reduction in July 2027, will still continue to make a valuable cash contribution of around £7m through to expiry in June 2030. This will be supported by the increasing contributions from both SAWsense and Translogik expected growth in the current year. The company secured asset finance on key capital equipment purchased in the year in order to ensure we can manage working capital requirements. The Company will also continue to manage product investment programs carefully to ensure they fall within means to facilitate growing sales in a sustainable manner.	
Foreign currency fluctuation	The company's foreign currency exposure is primarily USD due to its USD-denominated royalty income and substantial business revenues generated outside the UK. The unrest in the Middle East and other worldwide conflicts together with political changes can lead to larger than usual fluctuations in exchange rates.	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. The current policy of looking forward one year and hedging at 80% down to 20% (in Q4) expires in October 2027 and a new policy will be put in place. Despite the various conflicts the range of fluctuations in FY26 were relatively small compared to previous years.	
People	An experienced and knowledgeable team is crucial for developing complex products for demanding markets. The competitive job market makes it challenging to recruit and retain qualified staff, which could affect the company's ability to deliver services and products. □	Following changes to the workforce in the two previous years the current workforce reflects a more settled team providing capacity for increases in workload. New recruits have been and will continue to be selected based on calibre and drive. The Company provides excellent training and has an extensive package of incentives, essential for staff retention. Expanding the team to have more than one person in any one specialist area of the business reduces the single point failure risk.	
Many customers are global companies	The majority of Transense customers are major global corporations. There are clear benefits of working with these types of businesses however the time and work investment required to achieve a first purchase order remains difficult to predict. Once a project commences the factors beyond our control can result in funding being taken away from a project.	Following the changes in 2020 the SAWsense team started to develop a pipeline of opportunities across a wide base of customers and industries. This pipeline continues to increase across all the key sectors being, Aerospace, Motor Sport, Robotics and E-drive. SAWsense have been an important part of the decision-making process at the customer thereby further improving the pipeline process.	

Financial Review (continued)

Risk and Uncertainty	Details of Risk & Impact	Mitigation	Year on Year change in risk FY 26
SAWsense Intellectual Property, Product Development and Commercialisation	SAWsense technology, despite its years of market presence, has yet to achieve significant commercial success. Protected by patents with limited lifespans, the technology's key components (ASIC and AQP) were developed years ago. Failure to update the the key components and to see projects through to production during the remaining lifespan risks obsolescence.	New patents have been filed, and others are being filed extending the protection of the technology in key applications. Time continues to be spent examining the historic commercialisation challenges and developing mitigations; The business model has been pivoted away from pure licensing to sensor applications engineering and supply where "Know How" also acts as a strong barrier. The Company has invested in pilot production line equipment for SAW to derisk high volume adoption of the technology. The Company is developing next generation ASIC & AQP technology to mitigate supply chain and manufacturing obsolescence issues.	
Translogik Product Development and Commercialisation	Translogik currently offers a single tyre inspection tool with 4 variants and has very recently added software sales. With a single product offer into one industry there is a risk of competition of product obsolescence if an improved way to inspect and manage commercial vehicle tyres takes hold. Current route to market is very dependent on large global premium tyre manufacturers who face challenge from lower cost suppliers.	Translogik has continued working on the next generation of the TLGX tool which they expect to be in the market in H1 of this current financial year. The company is also developing additional complementary hardware products to expand the product portfolio and expanding sales revenue from software and moving to longer term subscription revenue. During the year the Company has successfully commenced expanding customer base beyond premium tyre manufacturers with more sales direct to fleets, tyre service providers and outside of the traditional commercial vehicle market.	
Cyber Attack	Cyber-attacks on business can be for financial or political reasons. Transense is a relatively high profile business with easily accessible financial and management information and falls into a higher risk category as a target for a cyber-attack.	Significant investment has continued to be made in IT systems working with a specialist outsourced IT team for overall systems management and maintenance. Implementation of Cyber Essentials Plus cyber security compliance with rigorous IT security policy was put in place during the year..	
Premises and/or Equipment Loss or Damage due to Flooding, Fire and Theft	The assembly of Translogik products has been brought in house with production equipment and stock now being on site. The Company has also invested heavily in new high value equipment for SAWsense production line which will be critical to business continuity and would be expensive and time consuming to replace if stolen or damaged.	Transense has continued to invest in security of the head office in Bicester plus external doors have been upgraded to improve flood defences and security. Site wide CCTV and access has been installed. Fire risk and safety inspection carried out by independent expert and all recommendations implemented. Electrical systems checked and upgraded where needed. Regular PAT testing implemented. Business insurance reviewed against new operating conditions, equipment and stockholding. Second office opened in Newcastle, many staff able to work from home if required.	

Financial Review (continued)

Risk and Uncertainty	Details of Risk & Impact	Mitigation	Year on Year change in risk FY 26
General Global Uncertainties	The level of global uncertainty has risen during the year with the imposition of trade tariffs and the various global conflicts.	Selling to a wide range of markets and customers protects against a downturn in any one sector. Selling to a range of countries in 3 currencies protects against country/regional impacts. Supply chain risk is monitored where suppliers are located in what are considered higher risk regions.	

By order of the board

Melvyn Segal

Chief Financial Officer

21 September 2026

Environmental, Social and Governance

At Transense, we believe that a successful business and a sustainable future go hand in hand. Our commitment to environmental, social, and governance (ESG) principles is central to our mission, and we are dedicated to developing technology that not only drives innovation but also fosters a greener, more responsible world.

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

Our core business helps to create positive environmental change. Our cutting-edge sensor technology enables our clients across various markets to operate more efficiently, reduce waste, and decrease their carbon footprint. By providing solutions that improve performance, optimize fuel consumption, and facilitate predictive maintenance, we help large-scale manufacturers and other businesses move toward their net-zero emissions goals.

Beyond our technology, we are committed to minimising our own environmental impact by operating in strict compliance with environmental legislation and regulatory standards. We partner with approved waste disposal contractors to ensure our waste is managed responsibly and promote on-site recycling and efficient energy use. Our employees are regularly trained on our environmental policies, and we actively ensure our suppliers are held to the same environmental practices and no less.

Social responsibility

Our business is built on a foundation of integrity and a commitment to people. We operate with a strong sense of social responsibility, ensuring our strategies are executed in a way that is ethical and mindful of our impact on our community.

Health and safety

We provide a safe and healthy workplace for our employees. Our Health and Safety Policy is regularly reviewed and updated with employee input to ensure everyone can perform their duties safely and efficiently. We also strive to cultivate a high-performance culture by focusing on employee development, engagement, and resource management. We provide our team with comprehensive training and incentives, which have been crucial in attracting and retaining top talent.

Employees and Equal Opportunities

Our commitment to our people extends to our core belief in equal opportunities and our Transense values (Customer first, team spirit, Structured Approach, Continuous Improvement & Sustainable Supply chain). We ensure all business activities, including recruitment and advancement, are based on merit, fostering a fair and inclusive environment where everyone has the chance to thrive.

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 2024. 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.

Section 172 Statement

The Directors are required by section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, whilst having regard to the interests of other stakeholders and the matters set out in section 172.

The Board recognises that the long-term success of the Company depends upon maintaining positive relationships with its shareholders, employees, customers, suppliers and other stakeholders. The Board receives regular updates from management on key matters affecting these stakeholder groups and considers their interests when making decisions.

During the year, the Board continued to engage with shareholders through investor meetings, regulatory announcements and the Annual General Meeting. The Board also maintained oversight of the Company's relationships with customers and suppliers and received updates on employee matters, operational performance and risk management.

In carrying out its duties during the year, the Board had regard to the likely long-term consequences of its decisions, the interests of employees, the need to foster strong business relationships, the impact of the Company's operations on the wider community and environment, the importance of maintaining high standards of business conduct and the need to act fairly between shareholders.

The Directors believe that they have acted in a manner consistent with their duties under section 172 throughout the year.

Corporate Governance Statement (continued)

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 65

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 Director of Solid State plc (AIM: SOLI).

Ryan Maughan (Managing Director) age 47

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 25 years' experience in a range of industries, he has successfully founded, scaled, and sold four businesses relating to sensors, EV powertrain components and battery systems, has led 3 acquisitions and several turnarounds. He is also the Founder and CEO of eTech49 Limited, providing strategic advisory services to a range of companies including major global corporations, investment banks and startups in the automotive, aerospace and electronics industries.

Melvyn Segal (Chief Financial Officer (CFO)) age 71

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 SMEs. Melvyn will be stepping down as CFO and become a non-executive director with effect from November 2026.

Stephen Parker (Non-Executive Director) age 73

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, Vice President of Kearney the global management consulting firm and Perkins Engines Group.

He was Chairman of Evolito, an aerospace e-propulsion business and following his retirement in 2025 became a member of their Advisory Board. He was previously Chairman of YASA a supplier of advanced electric propulsion system until its acquisition by Mercedes Benz in 2021 following which he became the Senior Independent Director until 2024. He was previously Chair of the Board of Governors of Coventry University and from 2014 to 2023 a Pro-Chancellor of the university. Stephen is a member of both the Audit and Risk committee (which he chairs) together with the Remuneration committee.

Corporate Governance Statement (continued)

Craig Wilson (Non-Executive Director) age 61

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 and chairs the Remuneration committee. Craig is also the senior Independent Director of YASA, a wholly owned subsidiary of Mercedes Benz, since October 2004 and a Non-Executive Director of Eqonic Ltd, a company developing non lithium battery cell chemistries and energy storage.

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 schedules 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.

During the year, Board members attended meetings as follows:

Director	Maximum number of meetings	Actual meetings attended	Audit Committee	Remuneration Committee
Nigel Rogers	7	7	1	-
Melvyn Segal	7	7	1*	-
Ryan Maughan	7	7	-	-
Stephen Parker	7	7	1	2
Craig Wilson	7	7	1	2
* attended part of the meeting as a non-committee member				

Corporate Governance Statement (continued)

The Board now has two Non-Executive Directors who are considered by the Directors to be independent for the purposes of the QCA Code; Stephen Parker who joined the Board in May 2023 and Craig Wilson joined the Board in July 2024. Stephen and Craig prior to joining had no association with the Company. The Board and Nominations Committee actively consider the future needs of the Company and demands on the Board on an ongoing basis, including appropriate succession planning for directors and senior management.

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 and 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 7-15, 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.

The Audit & Risk Committee met once during the year, with regard to the reporting and audit cycle. Stephen Parker and Craig Wilson are the members of this committee. Stephen Parker heads 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. Stephen Parker and Craig Wilson are members of the Remuneration Committee.

Corporate Governance Statement (continued)

Nominations Committee

The Nominations 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 and meets when necessary to do so. The Nomination Committee also carries out succession planning and identifies and recommends suitable candidates to join the Board when vacancies arise. The Nominations 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, Craig Wilson, 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 2026 one director participated and total contributions were £10,000 (FY25: 2 participated at a cost of £16,000).

Service Contracts

The service contracts provide for the following notice periods:

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

Remuneration report (continued)

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.

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:

	Basic salary	Bonus	Benefits	Pension	Total emoluments 12 months ended 30-Jun-26	12 months ended 30-Jun-25
	£	£	£	£	£	£
Executive directors						
N Rogers	68,100	-	-	-	68,100	65,520
M Segal	157,000	-	18,485	0	175,485	172,133
R Maughan	210,900	30,000	-	10,545	251,445	212,940
Non-executive directors						
S Parker	31,800	-	-	-	31,800	30,600
C Wilson	31,800	-	-	-	31,800	32,310
R Westhead*	-	-	-	-	-	12,436
Total 2026	499,600	30,000	18,485	10,545	558,630	525,939
Total 2025	494,666	-	15,133	16,140	525,939	

- R Westhead resigned from the Board on 27 November 2024

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 2025	At 30 June 2026	Earliest exercise date	Exercise price per share	Hurdle price per share
Directors' interests in the EMI were:					
M Segal	170,000	170,000	12/08/21	£0.75	£2.00
M Segal	126,000	126,000	24/06/23	£0.62	£1.50
M Segal	40,000	40,000	30/09/24	£0.10	£1.50*
R Maughan	100,000	100,000	23/03/26	£0.10	£1.50*
R Maughan	75,000	75,000	30/11/26	£0.10	£1.50*
R Maughan	76,000	76,000	16/07/24	£0.10	£1.50**

	At 1 July 2025	At 30 June 2026	Earliest exercise date	Exercise price per share	Hurdle price per share
Directors' interests in the UDSOS were:					
M Segal	74,000	74,000	24/06/23	£0.62	£1.50
M Segal	35,000	35,000	30/09/24	£0.10	£1.50*
N Rogers	400,000	400,000	24/06/23	£0.62	£1.50
N Rogers	150,000	150,000	30/09/24	£0.10	£1.50*
R Maughan	50,000	50,000	22/11/24	£0.10	£1.50*
R Maughan	49,000	49,000	16/07/24	£0.10	£1.50**
R Maughan	-	100,000	12/05/29	£0.10	£1.50*

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

** The hurdle being PBT break even or better in calendar year 2026 excluding iTrack royalty income

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 2026.

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 15.

Results and Dividends

The results for the year ended 30 June 2026 show a (loss)/profit after tax of (£0.11m) (2025: £1.41m). The Directors do not recommend the payment of a dividend (2025: £nil).

Directors

The present Directors are listed on page 3

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%
P Lobbenberg	968,979	6.37%
Dowgate Wealth Limited	691,365	4.54%
Total	3,270,348	21.49%

Information correct as at 21 September 2026. The total number of Ordinary Shares in issue (including 1,217,856 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 10p each	
	30-Jun-26	30-Jun-25
N Rogers	300,000	287,500
M Segal	77,057	77,057
R Maughan	126,217	83,331
S Parker	18,172	18,172
Total	521,446	466,060

Share price

The mid-price of the shares in the Company at 30 June 2026 was 48p (2025: 157.50p) and the range during the period was 48.0p to 137.5p (2025: 115.0p to 190.0p).

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 has been capitalised in the year (2025: £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 2025/26.

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

N F Rogers
Chairman

M Segal
Chief Financial Officer

21 September 2026

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 2026 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 2026 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- 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's 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:

In order to assess the risks identified, the engagement team identified financial statement level risks and considered the risk of material misstatement at the assertion level of the group financial statements to determine the planned audit responses based on a measure of materiality.

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 the 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
Revenue recognition: 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, and revenue is recognised based on contractual agreements, completion of work or customer acceptance of the goods accordingly, there is relatively little judgement involved in determining the timing and value of the amount to be recognised. Accordingly, we assessed the significant fraud risk in revenue recognition as primarily relating to manual journals posted to revenue.	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. We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions. 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 recognition have been met. These have been vouched to invoices, delivery notes and nominal postings. 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. We obtained a complete listing of journals posted to revenue nominal codes. We have tested unexpected manual adjustments to supporting evidence on a sample basis. Our procedures did not identify any material misstatements in the revenue recognised during the year.

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 £69,000. This has been determined with reference to the benchmark of the group's revenue. We have reviewed several KPIs used

by management and the group's key stakeholders. We consider the growth of the group to be the most significant KPI and have therefore determined revenue as the most appropriate basis for materiality.

Materiality represents 1.5% of group turnover. Performance materiality has been set at 80% of group materiality. This was considered appropriate based on cumulative knowledge of the Group, degree of estimation in financial statements, historic misstatement levels, and level of aggregation.

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

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 the 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.

We have nothing to report in this regard.

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

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 27 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.

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, AIM listing rules, UK adopted international accounting standards and relevant tax legislation in the jurisdictions in which the Group operates.

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 Group and parent company and how the group and parent company is complying with that framework by making enquiries of management. We corroborated our enquiries through review of Board minutes for instances of non-compliance;
- Obtaining an understanding of the Group and parent company's policies and procedures and how the Group and parent company has complied with these, through discussions and evaluation;
- Obtaining an understanding of the Group and parent company'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.

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. This description forms part of our auditor's report.

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

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.

Justine Hughes (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: 21 September 2026

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2026

		Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
	Note		
Revenue	5	4,226	5,162
Grant Income		400	388
Total Revenue		4,626	5,550
Cost of sales		(546)	(556)
Gross profit		4,080	4,994
Administrative expenses	6	(4,166)	(3,586)
Operating (loss)/profit		(86)	1,408
Net finance expense	7	(19)	-
(Loss)/profit before taxation		(105)	1,408
Taxation	10	-	-
(Loss)/profit and total comprehensive income for the year attributable to the equity holders of the parent		(105)	1,408
Basic (loss)/profit per share for the year (pence)	21	(0.69)	9.25

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 39 to 61

Consolidated and Company Balance Sheet at 30 June 2026

		30 June		30 June	
	Note	2026	2026	2025	2025
		£'000	£'000	£'000	£'000
Non current assets					
Property, plant and equipment	11	1,755		1,551	
Intangible assets	12	2,672		2,118	
Deferred tax	10	1,475		1,475	
			5,902		5,144
Current assets					
Inventories	14	364		377	
Trade and other receivables	15	1,201		1,637	
Cash and cash equivalents		1,500		1,138	
			3,065		3,152
Total assets			8,967		8,296
Current liabilities					
Trade and other payables	16	(580)		(808)	
Lease liabilities	17	(119)		(115)	
Asset Finance loan	18	(170)		-	
			(869)		(923)
Non current liabilities					
Lease liabilities	17	(192)			(252)
Asset Finance Loan	18	(763)			
			(955)		
Total liabilities			(1,824)		(1,175)
Net assets			7,143		7,121
Equity					
Issued share capital	20		1,644		1,644
Share premium			65		65
Treasury Shares	20		(1,027)		(1,027)
Share based payments			691		564
Retained earnings			5,770		5,875
Total equity			7,143		7,121

These financial statements were approved by the board of Directors and authorised for issue on 21 September 2026 and were signed on its behalf by:

N F Rogers
Chairman

M Segal
Chief Financial Officer

Notes to the financial statements are from pages 39 to 61.

Consolidated and Company Statement of Changes in Equity

Company and Group	Share Capital £'000	Share Premium £'000	Share based payments £'000	Retained Earnings £'000	Treasury Shares £'000	Total Equity £'000
Balance at 1 July 2024	1,644	65	418	4,467	(1,027)	5,567
Comprehensive Income for the year:						
Profit for the year	-	-	-	1,408	-	1,408
Share-based payments (note 19)	-	-	146	-	-	146
Treasury Shares (note 20)	-	-	-	-	-	-
Balance as at 30 June 2025	1,644	65	564	5,875	(1,027)	7,121
(Loss) for the year	-	-	-	(105)	-	(105)
Share-based payments (note 19)	-	-	127	-	-	127
Treasury Shares (note 20)	-	-	-	-	-	-
Balance as at 30 June 2026	1,644	65	691	5,770	(1,027)	7,143

Notes to the financial statements are from pages 39 to 61.

Consolidated and Company Cash Flow Statement

For the year ended 30 June 2026

	Note	Group and Company	
		Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
(Loss)/Profit from operations before taxation		(105)	1,408
Adjustments for:			
Taxation	10	-	-
Net financial expense	7	19	-
Share based payment	19	127	146
Depreciation	11	394	239
Profit on sale of property, plant and equipment		-	(2)
Amortisation and impairment of intangible assets	12	229	172
Operating cash flows before movements in working capital		664	1,963
Decrease/(Increase) in receivables	15	436	(242)
(Decrease)/Increase in payables	17	(228)	315
Decrease in inventories	14	13	13
Net cash generated in operations		885	2,049
Investing activities			
Acquisitions of property, plant and equipment	11	(533)	(839)
Acquisitions of intangible assets	12	(783)	(1,256)
Proceeds from sale of property, plant and equipment		-	2
Net cash used in investing activities		(1,316)	(2,093)
Financing activities			
Net financial expense		(19)	-
Payment of lease liabilities		(120)	(99)
Asset finance loan received		967	-
Asset finance loan repayments		(35)	-
Net cash generated in financing activities		793	(99)
Net (decrease)/ increase in cash and cash equivalents		362	(143)
Cash and equivalents at the beginning of year		1,138	1,281
Cash and equivalents at the end of year	16	1,500	1,138

Notes to the financial statements are from pages 39 to 61.

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 2026 (prior year ended 30 June 2025) 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 24.

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

As at 30 June 2026, the Group reported gross cash balances of £1.50 million, which netted down to £0.57 million after accounting for the new asset finance loan (2025: Gross and Net £1.14 million). The loan was arranged during the year to fund the acquisition of new plant and equipment. The Company secured a £1 million facility and at the year-end £0.97 million of the facility had been drawn down. During the year the Company also maintained its investments in research and development for both SAWsense and Translogik. Consequently, the level of capital expenditure led to a consumption of funds during the financial year under review.

Looking ahead, the bulk of capital expenditure on tangible and intangible assets is now complete. Based on the latest cash forecasts, the business is expected to become cash-generative in the period to June 2028, even when considering reasonable downside sensitivities related to current economic conditions. The Company therefore believes it has sufficient cash resources during this period, anticipating break-even revenue levels, and is confident that the Group can continue to operate 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 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 developments 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 2026. 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 of 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, has been recognised as an appropriate percentage of the deliverables that have been carried out as per the terms of the Grant. The Company is currently working on three grant funded projects producing total claims ranging between £0.3m and £0.5m and total budgeted receipts in excess of £1.42m. Due to their size the Company's share of the grant income is shown as a separate line after turnover contributing to gross profit. Grant receipts related to Capital Expenditure are treated as a credit against depreciation or amortisation as appropriate.

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 Fittings 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 estimated residual value of assets and their 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 a range of 7 to 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 the same period.

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 a 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. Any reduction in fair value is recognised by way of a reduction in that value.

Trade payables

Trade and other payables are recognised initially at fair value.

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 earnings 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 2026	Year ended 30 June 2025
	£'000	£'000
North America	748	347
South America	124	133
Australia	17	18
Europe	664	660
UK	513	489
Rest of the World	122	401
	2,188	2,048
Grant Income	400	388
Total	2,588	2,436
iTrack Royalty	2,038	3,114
Total	4,626	5,550

Notes to the financial statements (continued)

5 Revenue and segmental reporting (continued)

Segments

	Translogik £'000	SAWsense £'000	iTrack royalties £'000	Unallocated £'000	Total £'000
Year ended 30 June 2026					
Sales	1,261	927	2,038	-	4,226
Grant Income	-	400	-	-	400
Total Income	1,261	1,327	2,038	-	4,626
Gross profit	856	1,186	2,038	-	4,080
Administrative expenses	(453)	(1,974)	(44)	(1,695)	(4,166)
Operating profit/(loss)	403	(788)	1,994	(1,695)	(86)
Net Financial Income	-	-	-	(19)	(19)
Taxation	-	-	-	-	-
Profit/(loss) for the year	403	(788)	1,994	(1,714)	(105)
EBITDA reconciliation					£'000
Operating profit					(86)
Depreciation and amortisation					623
EBITDA					537
Note: Adjusted EBITDA (excluding share based payments and exceptional administrative expense)					664

	Translogik £'000	SAWsense £'000	iTrack royalties £'000	Unallocated £'000	Total £'000
Year ended 30 June 2025					
Sales	1,322	726	3,114	-	5,162
Grant Income	-	388	-	-	388
Total Income	1,322	1,114	3,114	-	5,550
Gross profit	819	1,061	3,114	-	4,994
Administrative expenses	(451)	(1,518)	(44)	(1,573)	(3,586)
Operating profit/(loss)	368	(457)	3,070	(1,573)	1,408
Net Financial Income	-	-	-	-	-
Taxation	-	-	-	-	-
Profit/(loss) for the year	368	(457)	3,070	(1,573)	1,408

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 2026 there was 1 customer (2025: 1) whose turnover accounted for more than 10% of the Group's total continuing revenue as follows:

Year ended 30 June 2026	Revenue £'000	Percentage of total
Customer A	2,038	44
Year ended 30 June 2025	Revenue £000	Percentage of total
Customer A	3,114	56

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 2026 £'000	Year ended 30 June 2025 £'000
Depreciation of property, plant and equipment	394	239
Amortisation of intangible assets	229	172
Profit on Sale of property, plant and equipment	-	(2)
Gain on foreign exchange transactions	(14)	(1)

Auditor's remuneration for the Group and Company:

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Audit of these financial statements	48	45

7 Net Financial Expense

Recognised in statement of comprehensive income

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Financial Income	16	24
Lease Interest	(19)	(24)
Loan Interest	(16)	-
	(19)	-

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 2026	Year ended 30 June 2025
Management and technical	30	26
Administration	3	3
Non-Executive Directors	2	2
	<u>35</u>	<u>31</u>

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

	Group and Company	
	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Wages and salaries	2,244	1,857
Share based payments (note 19)	127	146
Social security costs	310	217
Contributions to defined contribution pension plan	85	77
	<u>2,766</u>	<u>2,297</u>

The share based payment charge included in the accounts in respect of share options in the year was £127,000 (2025: £146,000). Wages and salaries totaling £324k have been attributed to Research and Development and Plant & Machinery capital expenditure (2025: £86k).

9 Directors' remuneration

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Directors' emoluments	500	495
Directors Bonus	30	-
Directors' benefits	18	15
Directors' pension	11	16
	<u>559</u>	<u>525</u>
Employers national insurance	76	61
Share based payments (note 19)	87	109

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £240,900 (2025: £202,800). Company pension contributions made to a money purchase scheme to highest paid Director was £10,545 (2025: £10,140). 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 (2025: Nil).

The number of Directors accruing retirement benefits under money purchase schemes in the year was 1 (2025: 2).

The number of Directors who exercised share options in the year was Nil (2025: 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 (2025: Nil).

The share based payment charge in respect of Directors' share options in the year was £86,900 (2025: £109,000).

10 Taxation

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

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Deferred tax credit		
Current year	-	-
Tax credit in Statement of Comprehensive Income	-	-

Reconciliation of effective tax rate

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
(Loss)/profit before tax	(105)	1,408
Tax calculated at the average standard UK corporation tax rate of 25.00% (2025: 25.00%)	(26)	352
Expenses not deductible for tax purposes	32	36
Utilisation of losses brought forward for which no deferred tax asset was recognised	(6)	(388)
Recognition of deferred tax in respect of prior year losses	-	-
Total tax credit	-	-
Deferred tax assets are:		
Recognised – in respect of tax losses	1,475	1,475
Unrecognised – in respect of tax losses and other timing differences	3,771	3,358

The applicable UK corporation tax rate is 25% (2025: 25%). The Group has tax losses, subject to agreement by HM Revenue and Customs, in the sum of £21.0m (2025: £19.3m), 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 £'000	Right-of-use- vehicle assets £'000	Plant and Equipment £'000	Fixtures and Fittings £'000	Assets under construction £'000	Leased Assets £'000	Motor Vehicles £'000	Total £'000
Cost								
Balance at 1 July 2024	452	-	682	346	113	-	10	1,603
Disposals	-	-	-	-	-	-	(10)	(10)
Additions	-	62	333	42	464	-	-	901
Balance at 30 June 2025	452	62	1,015	388	577	-	-	2,494
Balance at 1 July 2025	452	62	1,015	388	577	-	-	2,494
Transfer to Plant and Equipment	-	-	577	-	(577)	-	-	-
Cost adjustment	(3)	-	-	-	-	-	-	(3)
Disposals	-	-	-	-	-	-	-	-
Additions	-	68	491	21	33	21	-	634
Balance at 30 June 2026	449	130	2,083	409	33	21	-	3,125
Depreciation and impairment								
Balance at 1 July 2024	21	-	503	180	-	-	10	714
Depreciation charge for the year	87	15	110	27	-	-	-	239
Disposals	-	-	-	-	-	-	(10)	(10)
Balance at 30 June 2025	108	15	613	207	-	-	-	943
Balance at 1 July 2025	108	15	613	207	-	-	-	943
Depreciation charge for the year	87	33	237	32	-	5	-	394
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2026	195	48	850	239	-	5	-	1,337
Net book value								
At 1 July 2024	431	-	179	166	113	-	-	889
At 1 July 2025	344	47	402	181	577	-	-	1,551
At 30 June 2026	254	82	1,233	170	33	16	-	1,788

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

	2026 £'000	2025 £'000
Administrative expenses	394	239
	394	239

The right of use asset relates to the main property held under a 5 year lease and Motor Vehicle leases under a 4 year lease. IFRS16 interest charges of £34,000 is included in note 7 (2025: £24,000). The lease liabilities are shown in note 17. The total cash outflow was £120,000 (2025: £99,000).

Notes to the financial statements (continued)

12 Intangible assets

Group and Company intangible assets

	Goodwill	Patents rights and Trademarks	Development costs	Development in Progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 July 2024	50	1,029	2,856	-	3,935
Additions	-	57	202	997	1,256
Balance at 30 June 2025	50	1,086	3,058	997	5,191
Balance at 1 July 2025	50	1,086	3,058	997	5,191
Transfer to Development			(8)	8	-
Additions	-	50	240	493	783
Balance at 30 June 2026	50	1,136	3,290	1,498	5,974
Amortisation and impairment					
Balance at 1 July 2024	-	830	2,071	-	2,901
Amortisation for the year	-	63	109	-	172
Balance at 30 June 2025	-	893	2,180	-	3,073
Balance at 1 July 2025	-	893	2,180	-	3,073
Amortisation for the year	-	71	158	-	229
Balance at 30 June 2026	-	964	2,338	-	3,302
Net book value					
At 1 July 2024	50	199	785	-	1,034
At 1 July 2025	50	193	878	997	2,118
At 30 June 2026	50	172	952	1,498	2,672
Note: The Amortisation Charge in the Consolidated Statement of Comprehensive Income was reduced by £23k relating to R & D work reimbursed on Grant Claims.					

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:

	2026 £'000	2025 £'000
Administrative expenses	229	172
	<u>229</u>	<u>172</u>

Impairment testing

Capitalised development costs, patents and goodwill are reviewed for indicators of impairment at each reporting date. For impairment testing purposes, assets are allocated to the cash-generating units ("CGUs") expected to benefit from the related technology.

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 and intangible assets is determined from operating cash flow projections for the period to June 2028 based on currently contracted income levels and which support the carrying value of goodwill.

The key assumptions used within the value in use models include:

1. conversion of existing customer programmes into production contracts;
2. forecast revenue growth in SAWsense and Translogik;
3. successful completion of ASIC and related technology development;
4. continuation of existing customer relationships and grant funded projects;
5. achievement of forecast operating margins.

Management concluded that the recoverable amount of each CGU exceeded its carrying amount and therefore no impairment charge was required in the year.

Sensitivity analysis was performed on forecast revenues, margins and discount rates. Management concluded that no reasonably possible change in assumptions would result in an impairment of the related assets.

Notes to the financial statements (continued)

13 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

	Status	Country of Incorporation	Class of shares held	Ownership	
				2026	2025
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
Cost	
At 1 July 2024	3
At 30 June 2025 and 30 June 2026	3
Impairment	
At 1 July 2024	3
At 30 June 2025 and 30 June 2026	3
Net book value	
At 30 June 2025	-
At 30 June 2026	-

14 Inventories

Group and Company

	30 June 2026 £'000	30 June 2025 £'000
Raw materials	309	324
Finished goods	55	53
	<u>364</u>	<u>377</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year ended 30 June 2026 amounted to £0.55m (2025: £0.52m). Inventories are stated net of impairment provisions of £0.00m (2025: £0.00m).

Notes to the financial statements (continued)

15 Trade and other receivables

Group and Company

	30 June 2026 £'000	30 June 2025 £'000
Amounts falling due within one year		
Trade receivables	229	283
Expected credit losses	-	-
	<u>229</u>	<u>283</u>
Other receivables	11	3
Accrued income	714	1,128
Prepayments	247	223
	<u>1,201</u>	<u>1,637</u>

As at 30 June 2026 there were no past due but not impaired trade receivables (2025: no past due but not impaired). Included within other receivables is a rent deposit of £2,000 repayable within one year (2025: £2,000 repayable within one year).

16 Trade and other payables

Group and Company

	30 June 2026 £'000	30 June 2025 £'000
Current		
Trade payables	241	470
Non-trade payables and accrued expenses	339	338
	<u>580</u>	<u>808</u>

17 Lease liabilities

Group and Company

	30 June 2026 £'000	30 June 2025 £'000
Current		
Amounts due in less than one year	119	115
	<u>119</u>	<u>115</u>
Non-current		
Amounts due in one to five years	192	252
	<u>192</u>	<u>252</u>
	<u>311</u>	<u>367</u>

18 Asset finance loan

Group and Company

	30 June 2026 £'000	30 June 2025 £'000
Current		
Amounts due in less than one year	170	-
	<u>170</u>	<u>-</u>
Non-current		
Amounts due in one to five years	763	-
	<u>763</u>	<u>-</u>
	<u>933</u>	<u>-</u>

Notes to the financial statements (continued)

During the year the Company secured a line of finance for expenditure on new plant and equipment of £1.00m of which £0.97m has been drawn down in two tranches in January 2026 and June 2026. Both loans were for a term of 5 years at a fixed interest rate of 6.81% and 7.12% respectively.

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 2026 was £0.08m (2025: £0.08m). Included in Note 16 above under non-trade payables and accrued expenses is £0.03m pension accrual (2025: £0.02m).

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 (2025: £0.15m).

Unapproved Discretionary Share Option Scheme

At 30 June 2026 the following share options remained outstanding under the Company's Unapproved Discretionary Share Option Scheme:

Number of Options					Option Price	Date of Grant	Date of Exercise	
1 July 2025	Granted	Cancelled/Expired	Exercised	30 June 2026			First	Last
5,000		(5,000)		0	£3.750	09.10.15	31.01.18	09.10.25
474,000				474,000	£0.620	25.06.20	24.06.23	24.06.30
185,000				185,000	£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
49,000				49,000	£0.100	16.07.24	16.07.24	30.06.34
	100,000.00			100,000	£0.100	12.05.26	12.05.29	11.05.36

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 %
01.10.21	£0.6970	£1.05	£0.10	30.00%	3.00	0.45%	Nil
23.11.21	£0.6970	£0.97	£0.10	30.00%	3.00	0.45%	Nil
16.07.24	£0.6970	£0.97	£0.10	41.90%	3.00	4.08%	Nil
12.05.26	£0.4898	£0.97	£0.10	46.20%	3.00	4.40%	Nil

Notes to the financial statements (continued)

Enterprise Management Incentive Option Scheme

At 30 June 2026, the following shares remained outstanding under an Enterprise Management Incentive Option Scheme.

Number of Options					Option Price	Date of Grant	Date of Exercise	
1 July 2025	Granted	Cancelled / Expired	Exercised	30 June 2026			First	Last
158,000				158,000	£0.620	25.06.20	24.06.23	24.06.30
5,000				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
38,000				38,000	£0.795	22.02.22	21.02.25	21.02.32
200,000				200,000	£0.100	24.03.23	23.03.26	23.03.33
125,000				125,000	£0.100	01.12.23	30.11.26	30.11.33
20,000				20,000	£0.100	01.07.24	30.06.24	30.06.34
76,000				76,000	£0.100	16.07.24	30.06.24	30.06.34
-	205,000			205,000	£0.100	12.05.26	12.05.29	11.05.36

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 %
25.06.20	£0.1093	£0.61	£0.75	52.40%	3.00	1.50%	Nil
08.12.20	£0.1107	£0.62	£0.62	52.40%	3.00	1.50%	Nil
08.12.20	£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
22.02.22	£0.0875	£0.80	£0.80	52.40%	3.00	1.50%	Nil
24.03.23	£0.6163	£0.86	£0.10	49.70%	3.00	3.75%	Nil
01.12.23	£0.6950	£0.98	£0.10	46.40%	3.00	4.33%	Nil
01.07.24	£1.2461	£1.22	£0.10	41.90%	3.00	4.08%	Nil
16.07.24	£1.2461	£1.21	£0.10	41.90%	3.00	4.08%	Nil
12.05.26	£0.4898	£1.21	£0.10	46.20%	3.00	4.40%	Nil

Notes to the financial statements (continued)

20 Share capital

Issued Share Capital	Ordinary shares of 10 pence each	
	30 June 2026	30 June 2025
In issue at 1 July	16,437,740	16,437,740
On issue at 30 June 2026 & 2025 – fully paid	16,437,740	16,437,740

	30 June 2026 £'000	30 June 2025 £'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 2026		30 June 2025	
	Cost £	Number	Cost £	Number
As at 1 July 2025	1,026,789	1,217,856	1,026,789	1,217,856
Additions	-	-	-	-
As at 30 June 2026	1,026,789	1,217,856	1,026,789	1,217,856

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 15,219,884 (2025: 15,219,884). This excludes treasury shares held by the Company.

	Year ended 30 June 2026 Number	Year ended 30 June 2025 Number
Weighted average number of shares – basic	15,219,884	15,219,884

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
(Loss)/Profit	(105)	1,408
Basic profit per share (pence)	(0.69)	9.25

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;

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 £1.50m (2025: £1.14m). During the year the Group arranged asset finance loans to finance the acquisition of plant and equipment to provide large scale production facilities. The loan was drawn down in two tranches during the year in the sums of £0.41m and £0.56m. These borrowings are in addition to the property lease liabilities arising under IFRS 16. The Directors consider that with the benefit of the loans there should be sufficient cash resources for the foreseeable future period and that the Group remains a going concern with cash available for current investment plans.

The Group are aware that the current conflict in the Middle East has caused supply chain shortages and, the Group has where possible mitigated this risk 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)

Cashflow sensitivity analysis for variable rate instruments

The Directors consider that the Group's exposure to interest rates is low (2025: 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. The new asset finance loans were taken out during the financial year and are referenced in note 18, the 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 £2.04m for the year ended 30 June 2026. The Group had no other significant assets or liabilities denominated in foreign currencies at either 30 June 2026 or 30 June 2025 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 has from time to time entered into forward contracts to sell dollars and buy sterling at fixed rates in respect of the expected receipts however the final quarter due in the next year was not hedged.

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 £0.21m on the consolidated operating profit.

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

	30 June 2026 £000	30 June 2025 £000
Financial assets held at amortised cost		
Trade receivables	229	283
Other receivables	11	1
Accrued income	714	1,128
Cash and cash equivalents	1,500	1,138
	2,454	2,550
Financial liabilities held at amortised cost		
Trade payables	241	470
Lease liabilities	311	367
Accruals and other payables	339	192
Asset loan finance	933	-
	1,824	1,029

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 £1.9m (2025: £1.4m) 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 2026 the Group's cash was divided between current accounts (including USD and Euro accounts) £0.23m (2025: £0.22m) and £1.27m on deposit (2025: £0.92m) the interest rates during the year averaged around 1.5% (2025: Average 2.25%). 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 2026	30 June 2025
	£'000	£'000
In less than one year	119	115
In one to five years	192	252
	311	367

Reconciliation of movements in total financing liabilities

	Year ended 30 June 2026	Year ended 30 June 2025
	Group and Company	Group and Company
	£'000	£'000
At start of the year	367	404
New right of use property	64	62
Interest accrued	18	24
Payments of lease liabilities in the year	(120)	(99)
Interest paid in the year	(18)	(24)
Total financing liabilities at end of the year	311	367

Notes to the financial statements (continued)

23 Contingencies and commitments

As at 30 June 2026 the Company and Group had capital commitments to invest in both Tangible & Intangible Fixed Assets of £0.22m. There were no contingent liabilities as at 30 June 2025 (2024: £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.