



Interim Results FY23

Six month period ended 31 December 2022

22 February 2023



Financials:

- Continued strong revenue growth
- Trading in line with the Board's expectations
- Temporary investment in working capital to unwind in Q1 2023

iTrack Royalty:

- Slower growth rate in calendar 2022 (26% YoY)
- Pipeline indicates return to higher growth through calendar 2023

Translogik Tyre Products:

- Conversion to TLGX range complete
- High growth, healthy pipeline

SAW Technology:

- Revenue more than doubled
- Increased pipeline activity
- Engagement in aerospace sector progressing well
- Credentials in electric motors and drives externally verified

	FY 23 H1	FY 22 H1	Change	FY 22
Revenue	£1.64m	£1.20m	Up 37%	£2.63m
Profit Before Taxation	£0.26m	£0.08m	Up x 3.3	£0.27m
Earnings Per Share	2.50p	0.69p	Up x 3.6	5.36p
Cash & Equivalents	£0.63m*	£1.07m	(£0.44m)	£1.06m
Shares bought for Treasury	£0.15m	£ Nil	-	£0.30m
Distributable Reserves	£1.45m	£0.74m	-	£1.20m

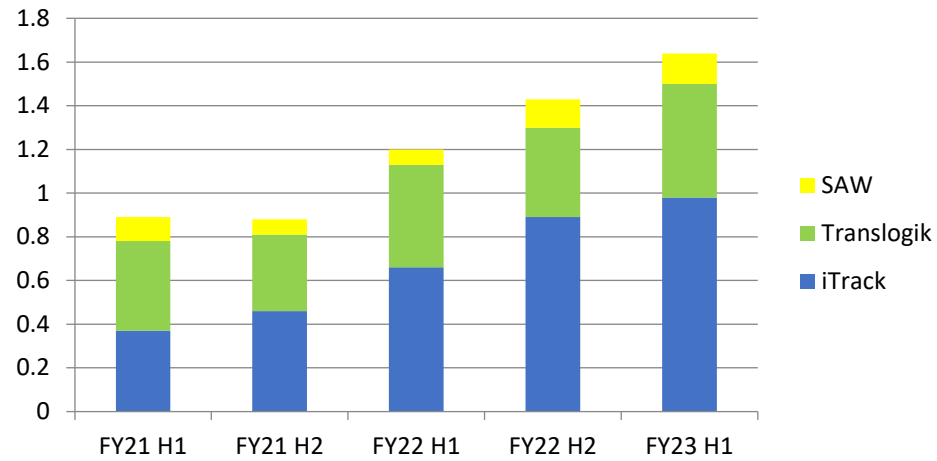
* Cash balance subsequently increased to £1.28m at 17 February 2023

3. FINANCIAL HIGHLIGHTS

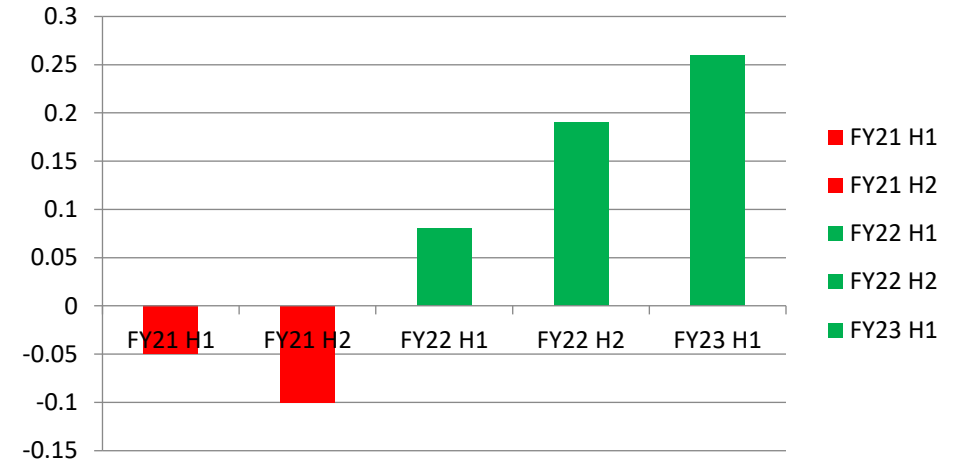
	FY 23 H1	FY 22 H1	Change	FY 22
Revenue	£1.64m	£1.20m	Up 37%	£2.63m
iTrack	£0.98m	£0.66m	Up 48%	£1.56m
Translogik	£0.52m	£0.47m	Up 11%	£0.87m
SAW	£0.14m	£0.07m	Up 100%	£0.20m
Profit Before Taxation	£0.26m	£0.08m	Up x 3.3	£0.27m
iTrack	£0.95m	£0.64m	Up 48%	£1.51m
Translogik	£0.22m	£0.19m	Up 16%	£0.36m
SAW	£(0.48m)	£(0.39m)	(Up 23%)	£(0.80m)
Central Overheads	£(0.44m)	£(0.35m)	(Up 26%)	£(0.80m)

4. SEGMENTAL ANALYSIS

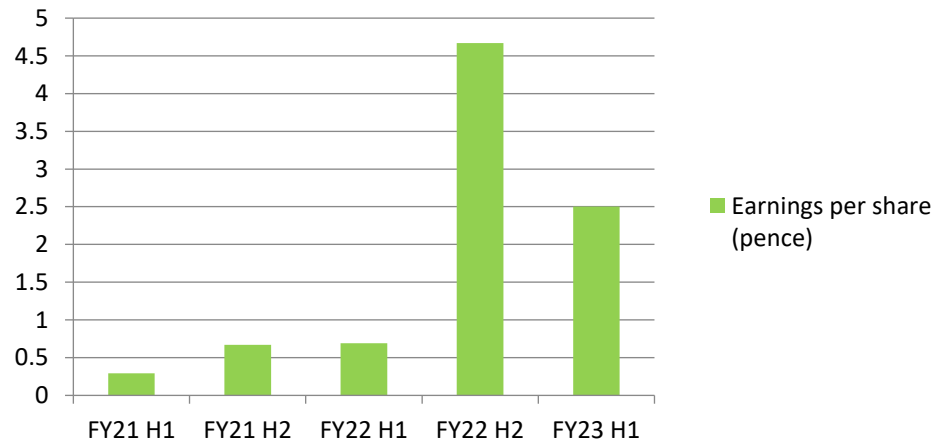
Revenue by Segment (£m)



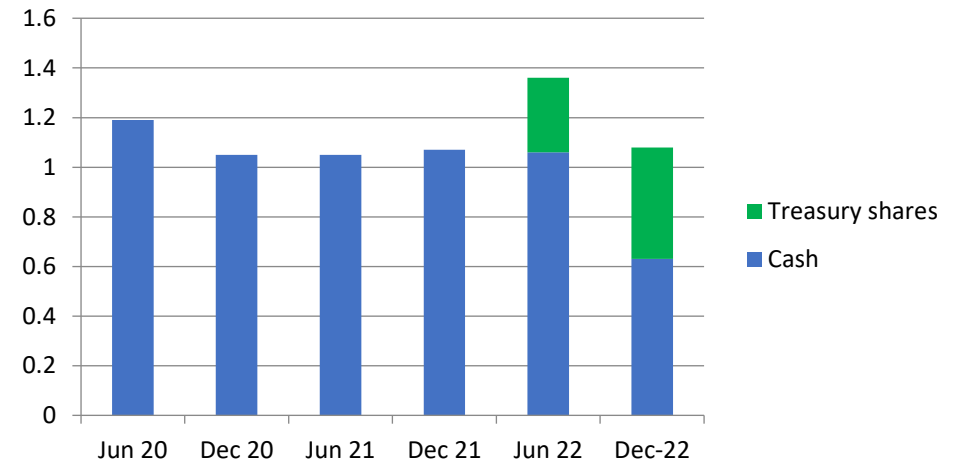
Net PBT (£m)



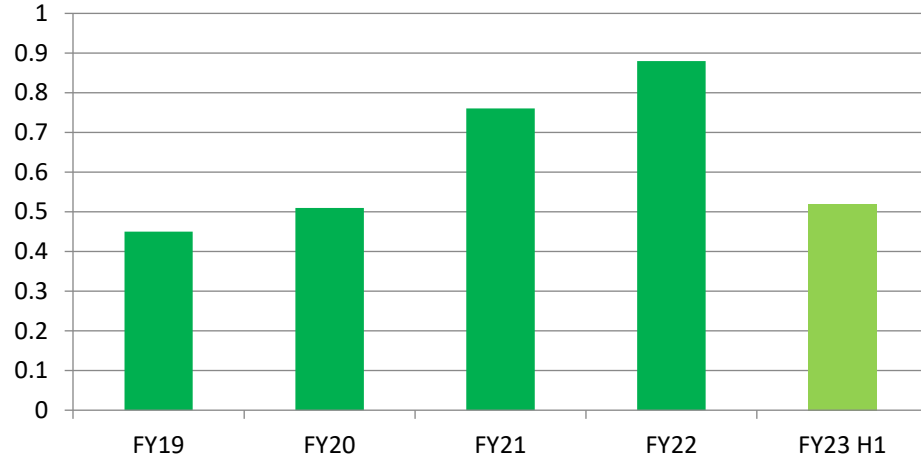
Earnings per Share (pence)



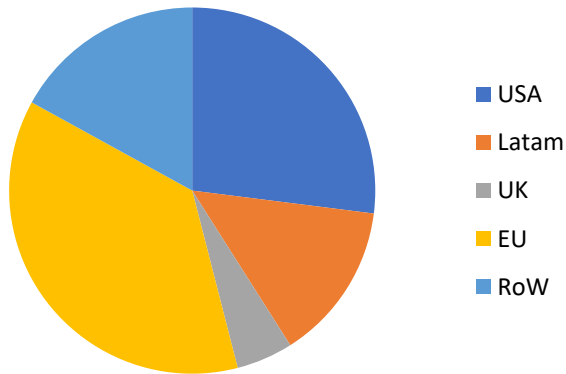
Cash/Treasury Shares (£m)



Translogik Revenue (£m)



Revenue by Territory



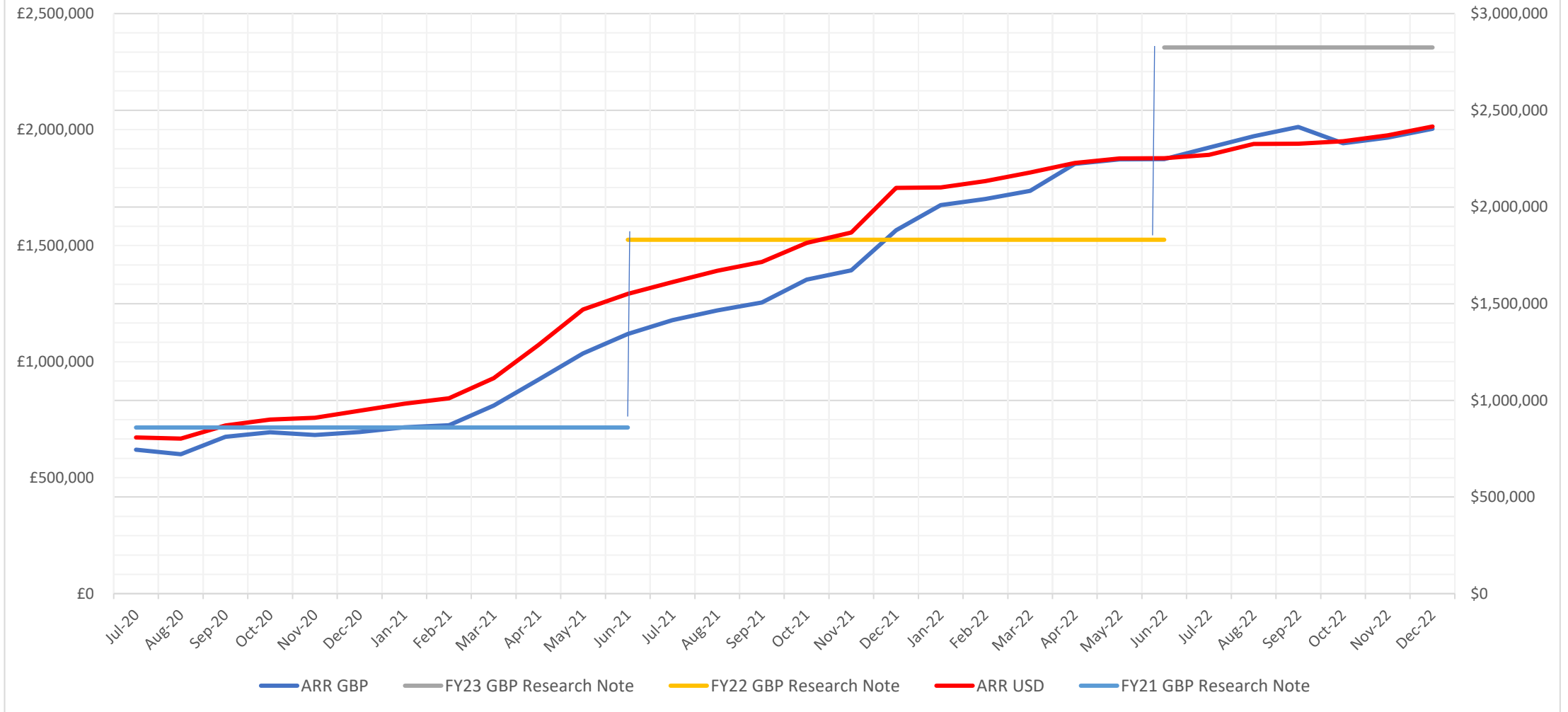
- Revenue up 11% over FY22 H1
- Gross margin up by 3% to 57%
- Changeover to new TLGX range now complete
- Partnerships with global tyre majors – building geographical footprint & large new fleet prospects
- New opportunities in direct fleet sales via software houses etc

BRIDGESTONE

GOODYEAR

Continental

iTrack - Annualised Royalty Run Rate in GBP & USD



Research note refers to Broker research published by Allenby Capital

7. iTRACK ROYALTY INCOME

Aerospace



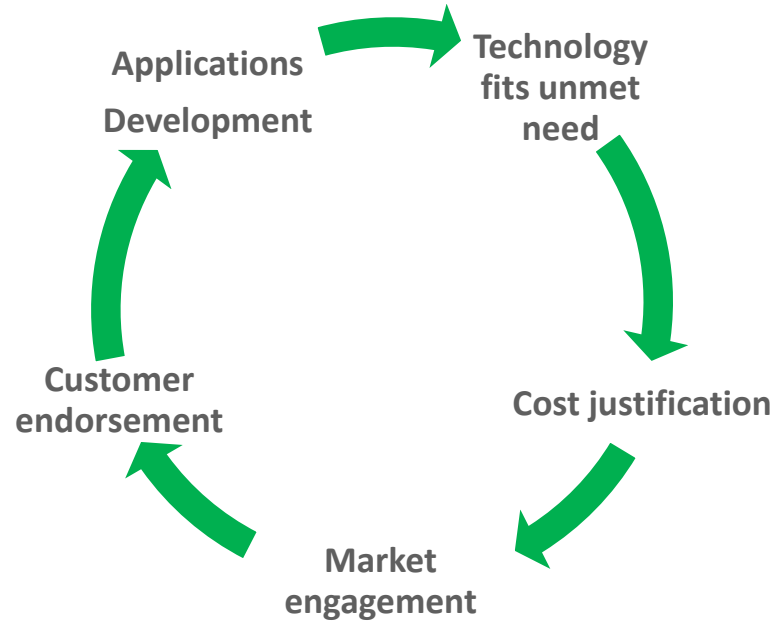
Industrial Machinery



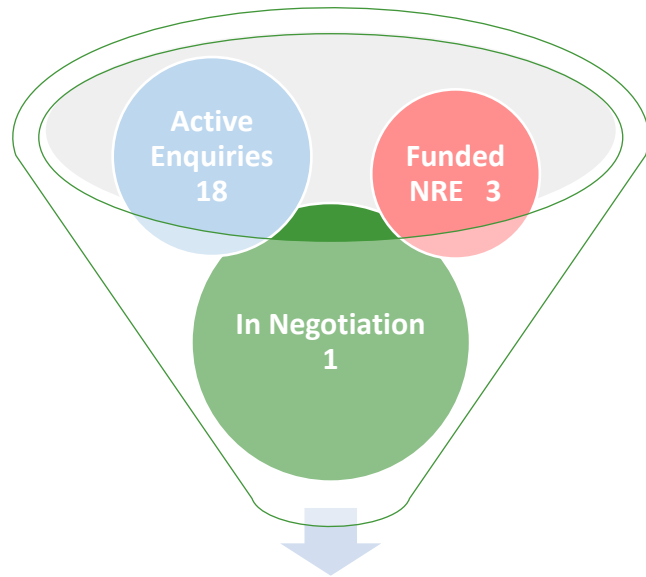
Electric Motors & Drives (EMD)



Performance Automotive



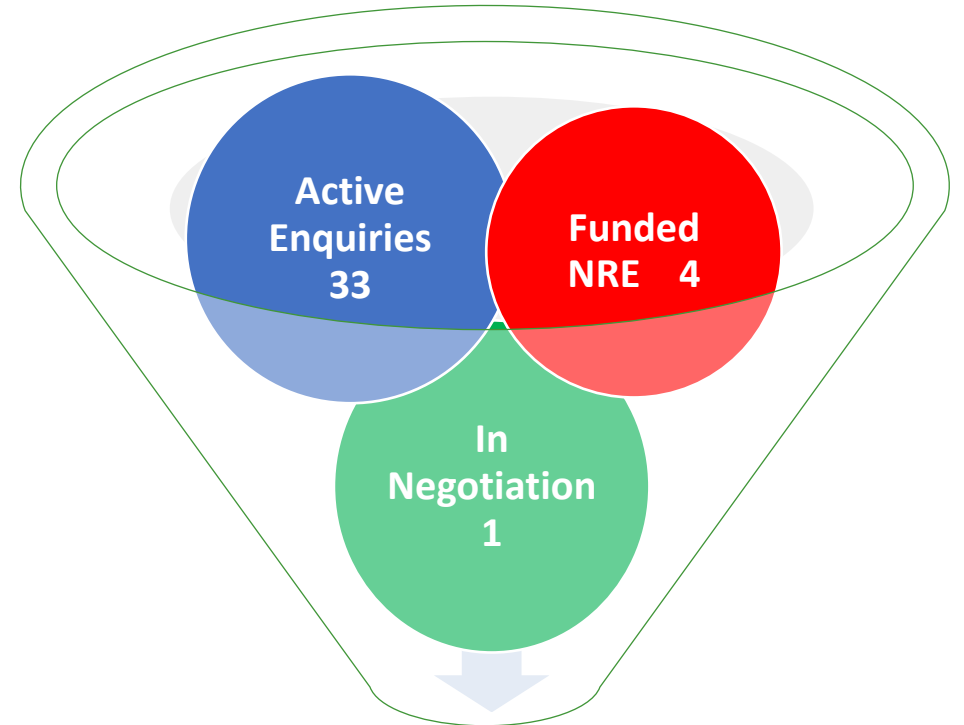
September 2022
Total = 24



Under long-term contract: 2

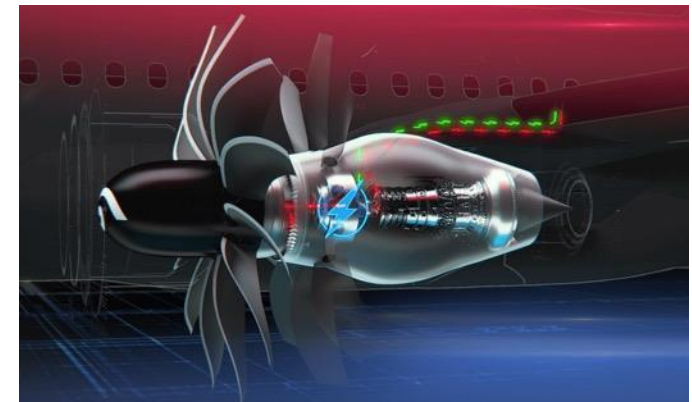
66% Pipeline
Growth

February 2023
Total = 40



Under long-term contract: 2

- ✓ Revenue growth – 100% increase vs prior year
- ✓ Pipeline increased - +66% since Sept 22 and > fourfold since Feb 22
- ✓ New Tier 1 aerospace customer NRE program
- ✓ Parker Meggitt – work progressing under MoU
- ✓ GE – T901 in progress, also in hybrid electric (HEAT) project, others under discussion
- ✓ McLaren Applied – now in LMDh as well as Indycar, working on others
- ✓ TDAP – passed independent gateway review to Phase 2
- ✓ Electric motors - external verification of potential improvements in performance & efficiency
- ✓ Product and process industrialisation - Plan developed and underway to deliver near term benefit and pathway to higher volumes



- Revenue – meet or exceed FY23 & FY24 expectations
- Pipeline – accelerate conversion to development projects
- Licensing – progress aerospace licence and develop similar opportunities in other sectors
- TDAP programme – complete Phase 2 & meet all deliverables
- Electric motor control - extend external verification to live simulation in closed loop system
- Product and process industrialisation – complete initial phase of industrialisation project





		FY23 H1 £m	FY22 H2 £m	FY22 H1 £m
Distributable reserves b/f		1.20	0.74	0.63
Profit for the period	A	0.40	0.76	0.11
Available for distribution		1.60	1.50	0.74
Share buybacks	B	(0.15)	(0.30)	-
Dividends	C	-	-	-
Distributable reserves c/f		1.45	1.20	0.74
% of profit distributed	(B+C)/A	38%	40%	0%

Dividend policy under board consideration – further update at year end

- **Post period end trading:**

- SAW & Translogik accelerated growth
- iTrack expected to return to higher growth in 2023

- **Confident of outlook for FY23 and beyond**

- **SAW market engagement very encouraging**

- **Building value proposition**









QUESTIONS?



	Appendices Title
15.1	SAW Technology, market sector update
15.2	SAW Milestones and progress plan
15.3	SAW pipeline
15.4	Profit and loss
15.5	Financial position
15.6	Cashflow

	Aerospace	Electric Motors and Drives	Industrial Machinery	Performance Automotive
				
Technology Fit	<ul style="list-style-type: none"> • Accurate torque measurement for engines & systems • Safety, control & reliability • Size, weight & cost benefits • Temperature & EMC advantages 	<ul style="list-style-type: none"> • Replacing/supplementing torque estimation with real-time measurement • Accurate measurement of magnet temperature • Power and range improvement • Safety integrity enhancement 	<ul style="list-style-type: none"> • Measurement of delivered torque improves control and efficiency • Enables robotic systems to be faster and more accurate • Aids autonomous operation • Safety integrity enhancement 	<ul style="list-style-type: none"> • Responsive & accurate • Rugged & reliable • Light & compact • Used for regulatory compliance and performance advantage
Market Engagement	<ul style="list-style-type: none"> • GE ITEP Licence • Meggitt MoU • New confidential Tier 1 project underway • 6 other active enquiries 	<ul style="list-style-type: none"> • APC TDAP Project • One customer funded trial underway • 13 other active enquiries 	<ul style="list-style-type: none"> • One customer funded trial underway • 11 other active enquiries 	<ul style="list-style-type: none"> • Exclusive deal with McLaren Applied for premium motorsport • In use on IndyCar & now LMDh • McLaren developing new potential applications
Applications Development	<ul style="list-style-type: none"> • Turbine engine torque sensing • Hybrid and electric torque verification • Actuation systems and airframe applications 	<ul style="list-style-type: none"> • Torque sensing in electric drive units • Motor rotor temperature sensing 	<ul style="list-style-type: none"> • Torque sensing in off-highway machines • Force torque sensing in industrial robots 	<ul style="list-style-type: none"> • Engine torque measurement
Endorsement	<p>“...unique technology has the potential to become a great addition to our Engine Sensing portfolio.” Pierre-Alain Brodard, Meggitt SA</p>	<p>“.....the application of SAW-based torque sensors in the control loop seems to offer great potential to make a significant improvement to the performance of electric motor systems” Murray Edington, Head of Electrified Powertrain, Drive System Design Ltd.</p>	<p>“We are now seeing an industry shift.... to using the more beneficial torque sensors, which allow for a faster response time and improved accuracy. Torque sensors lead to safer and more reliable robotic systems ...” Daniel Pintar, The Robot Report</p>	<p>“We anticipate significant growth in the adoption of this technology for torque sensing in elite motorsport.” Matthias Dank, McLaren Applied</p>

Activity	Milestones Met	Milestones Planned
Technology Development Accelerator Programme (TDAP), run by the Advanced Propulsion Centre (APC)	<ul style="list-style-type: none"> •Completed TDAP Phase 1, culminating in successful Gateway review •Accepted for Phase 2 	<ul style="list-style-type: none"> •Complete TDAP Phase 2, achieve key deliverables in product and process and pipeline development
Product and process development	<ul style="list-style-type: none"> •DSD findings: possible >5% efficiency savings in EMD •Calibration: Automated rig commissioned 	<ul style="list-style-type: none"> •Carry out simulation in closed loop system •Move from evaluation to test & automation •Capability study and get fully operational
Pipeline development – potential customer engagement	<ul style="list-style-type: none"> •Ahead (H1) for FY23 revenue target •Increased online presence with application specific content •Achieved 50% growth in qualified enquiries 	<ul style="list-style-type: none"> •Meet or exceed FY23 & FY24 targets •Increased promotion and awareness via tradeshow and conferences •Accelerate conversion of enquiries into NRE projects
Pipeline development - Funded NRE projects	<ul style="list-style-type: none"> •1 additional NRE project •29 active enquiries with 3 under quotation (1 aerospace, 2 EMD) and close to conversion 	<ul style="list-style-type: none"> •Contract at least one of each additional Aero, EMD and IM NRE projects •Grow pipeline of qualified active enquiries
Licencing	<ul style="list-style-type: none"> •GE license extended for HEAT program (development phase only) •MOU agreed with Meggitt SA and in progress 	<ul style="list-style-type: none"> •Agree additional Licence with an Aerospace T1/OEM •Progress one or more NRE projects to licence negotiation

15.2 - SAW MILESTONES & PROGRESS PLAN

	Aerospace	Electric motors and drives	Industrial machinery (incl OTR & Agric)	Performance automotive	Total
Stage 4 - Contracted	1 (1)	0 (0)	0 (0)	1 (1)	2 (2)
Stage 3 - Contract under negotiation	1 (1)	0 (0)	0 (0)	0 (0)	1 (1)
Stage 2 - In development	2 (1)	1 (1)	1 (1)	0 (0)	4 (3)
Stage 1 - Active enquiry	6 (4)	17 (10)	10 (4)	0 (0)	33 (18)
Total	10 (7)	18 (11)	11 (5)	1 (1)	40 (24)

Financials – Profit & Loss

	FY23 H1	FY22 H1	FY22
	£m	£m	£m
REVENUES	1.64	1.20	2.63
COST OF SALES	0.23	0.21	0.40
GROSS PROFIT	1.41	0.99	2.23
OPERATING EXPENSES	1.18	0.90	1.97
OPERATING PROFIT	0.23	0.09	0.26
OTHER INCOME	0.02	0.00	0.02
INTEREST	0.01	0.01	0.01
TAXATION	0.14	0.03	0.61
PROFIT ON CONTINUING OPERATIONS	0.40	0.11	0.88

£m	Dec 22	June 22	Dec 21
Tangible assets	0.16	0.17	0.20
Intangibles (including DT)	1.43	1.31	0.80
Net working capital	1.25	0.66	0.64
Cash equivalents	0.63	1.06	1.07
Lease liabilities	(0.07)	(0.11)	(0.14)
Net Assets	3.40	3.09	2.57
Share capital/premium	1.71	1.71	1.71
Reserves	2.14	1.68	0.86
Treasury shares	(0.45)	(0.30)	-
Total Equity	3.40	3.09	2.57

Working capital peaks at period end to support revenue growth

Cash balance reduced by working capital & buy-backs : £1.23m by 1/2/23

Net assets now 21p per share

Of which £1.45m distributable

£0.15m share buyback in period

£m	FY23 H1	FY22 H1	FY22
Net profit	0.40	0.11	0.88
Adjustment for non-cash items	0.02	0.12	(0.26)
Working capital movements	(0.59)	(0.19)	(0.28)
Taxation	-	-	0.07
Capex	(0.07)	(0.06)	(0.10)
Cash flow before financing	(0.24)	(0.02)	0.31
Share buybacks	(0.15)	-	(0.30)
Other financing	(0.04)	0.04	-
Net Cash Flow	(0.43)	0.02	0.01

15.6 - CASHFLOW

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