RNS Number : 3172H
CyanConnode Holdings PLC
26 July 2023

The following amendment has been made to the Final Results announcement released today at 07:00 under RNS No. 1716H. Within the Operational Review (India) section four references to Q1 FY23 are amended to Q1 FY24. All other details remain unchanged and the full amended text is set out below.

26 July 2023

CyanConnode Holdings plc

("CyanConnode", "the "Group" or the "Company")

Final Results for the Year Ended 31 March 2023

CyanConnode Holdings plc (AIM: CYAN), a global leader in Narrowband Radio Frequency (RF) Smart Mesh Networks, announces its audited results for the year ended 31 March 2023.

Financial highlights

- Increase of 23% in revenue to £11.7m in FY23 from £9.6m in FY22, the highest annual revenue for the Group to date after four consecutive years of growth[1]
- Reduction in gross profit to £4.2m in FY23 (FY22: £5.0m) as a result of lower margin sales of third-party products
- Increase in operating loss to £3.3m in FY23 (FY22: £1.0m) as a result of lower gross margin, higher operating costs and a £1.0m impairment of intangible assets
- Increase in EBITDA loss to £2.9m in FY23 (FY22: £0.4m loss)
- Reduction in adjusted EBITDA[2] to loss of £1.6m in FY23 (FY22: £0.06m profit)
- Increase in cash position to £4.1m in FY23 (FY22: £2.4m)
- Increase in cash collected from customers to £10.7m in FY23 (FY22: £8.2m)

Operational Highlights

- Orders for 2.3m modules won in India during the period - higher than the total number of modules won in India in the company's history prior to the current year taking order book to 3.6m during the financial year, of which 2.3m were still to be deployed. Post period this order book has increased further to 4.2m as set out in the post period highlights below
- Order worth USD 6.7m won from MENA for NB-IoT gateways
- Further new order worth USD 2.5m won from MENA for Cellular gateways
- Oversubscribed placing and subscriptions completed raising, in aggregate, £5.8m before expenses
- 391,000 Omnimesh Radio Frequency (RF) Modules shipped against current contracts during the period (FY22: 612,000), along with 46,000 NB-IoT gateways and 63,000 Cellular gateways

- Strategic Framework Agreement signed to deliver 3m units

Post Year End Highlights

- 600,000 Omnimesh RF Modules and associated products ordered from a subsidiary of IntelliSmart Infrastructure Private Limited, taking order book to 4.2m modules
- CyanConnode India recognised as Dun and Bradstreet 'Start-Up 50 Trailblazer'
- Memorandum of Association (MOU) signed with Alfanar
- Revenue of greater than £2.8m in Q1 of FY24, being 2.1 times revenue of the whole of H1 FY23
- 291k modules shipped in Q1 of FY24 vs 391k shipped in the whole of FY23
- £3.6m cash received from customers in Q1 FY24
- Investment into areas such as recruitment to scale up the business

John Cronin, Executive Chairman of CyanConnode, commented:

"FY23 has once again shown record revenues and orders won, and a fourth consecutive year of growth.

Since the year end the number of live tenders in India has continued to increase and move through the tendering process, and the Company has won a further 0.6m Omnimesh units.

We'd like to thank all employees for their ongoing hard work and dedication to achieve these record revenues. We'd also like to thank all shareholders for their continued support and look forward to continuing to deliver successful results."

- Ends -

The information contained within this announcement is deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014 (Market Abuse Regulations) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement, this inside information is now considered to be in the public domain.

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Chairman's Statement

Dear Shareholders

The financial year ending March 2023 has been the most successful financial year for the Group in terms of revenue, orders won and cash collected from customers. It is encouraging to see the vast increase in volumes and numbers of tenders being released in India after many years working in the country, as the government continues with its plans to roll out 250 million meters by 2025.

In addition, we have seen success with contracts in other territories around the world, particularly in the Middle East North Africa (MENA) region.

I'm encouraged to see the momentum from FY2023 continuing into the current financial year and am delighted to provide more details on the highlights of both FY2023 and the current business in the FY23 Annual Report.

Operational Review

India

The union budget of 2020-21 paved the way for the replacement of 250 million conventional electricity meters with smart meters by 2025 by announcing the Revamped Distribution Sector Scheme (RDSS). It also approved an outlay for the RDSS of Rs 3,03,758 Crore (circa £30 billion) over 5 years. In August 2022, the Government of India formally approved the RDSS to help Distribution Companies (DISCOMs) improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to strengthen supply infrastructure. The 'Collection Efficiency' of not less than 98%, as set out in the RDSS and which CyanConnode achieves, favours the Group's technology for network communication and management. RDSS mandates compulsory installation of smart meters across the country and will run for five years from FY22 to FY26. In addition, the Rural Electrification Corporation proposed a Request for Empanelment (RFE) to allow participation in the RDSS tenders. This requires Advanced Metering Infrastructure Service Providers (AMISP) to demonstrate their solutions in a controlled test environment. Empanelment will be required by all AMISPs to allow participation in RDSS tenders. Following an initial delay in the empanelment process, forty-three companies are now empanelled. Of the 250 million smart prepaid meters approved under the RDSS, over 200 million (an addressable market to CyanConnode worth a potential c. £2.5 billion) have been sanctioned so far, according to information recently tabled in the Indian Parliament (set out below).

Smart meters sanctioned under RDSS

State	Consumer*	DT**	Feeder	Consumer	DT**	Feeder
	No. of meters			(per cent share)		
Tamil Nadu	30,000,000	472,500	18,274	14.7	8.7	9.2
Uttar Pradesh	26,979,056	1,526,801	20,874	13.2	28.2	10.5
Maharashtra	23,564,747	410,905	29,214	11.5	7.6	14.7
West Bengal	20,717,969	305,419	11,874	10.1	5.6	6.0
Gujarat	16,481,871	300,487	5,229	8.1	5.6	2.6
Rajasthan	14,274,956	434,608	27,128	7.0	8.0	13.6
Kerala	13,289,361	87,615	6,025	6.5	1.6	3.0
Madhya Pradesh	12,980,102	406,503	8,411	6.3	7.5	4.2
Punjab	8,784,807	184,044	12,563	4.3	3.4	6.3
Haryana	7,405,618	195,319	13,204	3.6	3.6	6.6
Total for above states	174,478,487	4,324,201	152,796	85.3	79.8	76.7
Rest of India	30,144,695	1,087,807	46,030	14.7	20.2	23.3
All-India total	**204,623,182**	**5,412,008**	**198,826**	**100.0**	**100.0**	**100.0**

*prepaid;**distribution transformer; Table shows top 10 states wrt consumer smart meters

The win rate from contracts tendered since April 2022 has been approximately 38% in volume and the installed rate is around 25%. CyanConnode is currently bidding for contracts worth over £1 billion in value.

During the period, CyanConnode won three new orders, totalling approximately 2.3 million units from its customers IntelliSmart, Genus and Monte Carlo Group, to be deployed in three different states. This volume was significantly higher than the total volume of units won by the Company in India in all years prior to FY2023 (1.3 million). All orders were for Omnimesh RF Modules together with advanced metering infrastructure, standards-based hardware, services, Omnimesh head-end software, perpetual license and annual maintenance contracts. To the end of March 2023, a total of 327,000 modules and associated gateways had been shipped against these new contracts, with a further 282,000 shipped during Q1 FY24, bringing the total modules shipped against these contracts at the end of June 2023 to 609,000.

The first two orders, totalling 300,000 units, were from IntelliSmart for deployment in the state of Assam. IntelliSmart is the first service provider to use the Design, Build, Finance, Own, Operate, Transfer (DBFOOT) model and it has also installed the first smart prepaid meter in India under the RDSS. To the end of March 2023, a total of 195,000 modules and associated gateways had been shipped against these two contracts, with a further 49,000 shipped during Q1 FY24, bringing the total modules shipped against these contracts at the end of June 2023 to 244,000.

The third order, CyanConnode's largest order in its history, was for 1 million units, received by Genus for a deployment in South Bihar. To the end of March 2023, a total of 81,000 modules and associated gateways had been shipped against this contract, with a further 109,000 shipped during Q1 FY24, bringing the total modules shipped against these contracts at the end of June 2023 to 190,000.

The fourth order, for 984,000 units was received from a new customer, Monte Carlo Group, relating to a smart metering deployment in Jabalpur, Madhya Pradesh. To the end of March 2023, a total of 51,000 modules and associated gateways had been shipped against this contract, with a further 124,000 shipped during Q1 FY24, bringing the total modules shipped against these contracts at the end of June 2023 to 175,000.

In February 2023 the Group announced it had entered into a strategic framework agreement with a key partner to supply its Radio Frequency (RF) mesh technology in India. As a preferred partner, CyanConnode will provide Omnimesh RF modules, Advanced Metering Infrastructure, Standards-Based Hardware, Omnimesh Head-End Software and associated components, Perpetual License, design, installation, implementation, integration, training and support & Maintenance Contract for 3 million smart meters.

In March 2023, CyanConnode announced a collaboration with Silicon Laboratories, Inc. (Silabs) a prominent supplier of System-On-Chips (SOCs), under which it will integrate SiLabs' FG25 Sub-GHz Wireless SoC into its Omnimesh product range. The FG25 is certified by the Wi-SUN Alliance (Wireless Smart Ubiquitous Network Alliance), which is the leading IPv6 sub-GHz mesh technology for smart city and smart utility applications. The open-source backbone of Wi-SUN will enable CyanConnode to quickly scale deployments and leverage the Wi-SUN ecosystem to provide new value to its customers. CyanConnode's adoption of SiLabs' flagship SoC and Wi-SUN would ensure that it is the first to meet the technical requirement set by the Government of India as defined by BIS LITD28 standards for Smart Meter RF Communication systems.

CyanConnode's adoption of SiLabs' flagship SoC and Wi-SUN will ensure that it continues to meet the Service Level Agreements (SLAs) required by the Government of India. For a case study of the implementation of the FG25 and Wi-SUN in India, please visit https://www.silabs.com/applications/case-studies/leveraging-fg25-and-wi-sun-for-smart-metering-in-india.

APAC and Middle East North Africa

The smart metering market in the APAC and MENA continues to mature and presents a significant opportunity for CyanConnode.

In April 2022, an order was won for a smart metering deployment in the MENA region. Under this contract CyanConnode will supply 65,000 interoperable smart NB-IoT gateways which will communicate with and control all existing smart meters for both electricity and water; the gateways will have the capacity to connect up to one million smart meters. 46,000 gateways were delivered against this contract during FY23.

In August 2022, an order was announced for Cellular Gateways to provide smart communications for an Advanced Metering Infrastructure project located in the MENA region. This order, worth USD 2.5 million, was for a new cellular product to be fitted to existing electricity meters. All of these gateways, plus an additional 5,000 gateways were delivered during FY23.

CyanConnode continues to deliver The Metropolitan Electricity Authority (MEA) project with JST's partner Forth (Forth Corporation Public Company Limited), a telecommunication and electronics company that provides products and integration services throughout Thailand. MEA, who serve around 4 million customers in the city of Bangkok and two adjacent provinces, is deploying a Smart Metro Grid platform to improve power availability and reliability, as well as to analyse distribution losses, automate meter reading, and increase customer satisfaction.

CyanConnode's Omnimesh technology has been integrated into Forth's electricity meters, using the frequency bands of 442 and 447MMHz, which have been allocated to the Thai energy utilities by The National Broadcasting and Telecommunications Commission (NBTC) of Thailand. During the period CyanConnode's scope of the Site Acceptance Test (SAT) has been successfully delivered.

Fundraisings

During October 2022 CyanConnode was pleased to announce a share subscription to raise £500,000 at a price of 12.25 pence per share, being the mid-market price at the time.

In January 2023 the Company completed an oversubscribed placing and subscription, raising £5.25 million before expenses, at a price of 17 pence per share, the mid-market price at the time of announcement of the fundraising.

The net proceeds of the above fundraisings are being used to strengthen the Company's balance sheet, to increase working capital, to allow the Company to continue to take advantage of its significant growth opportunities and to execute the Company's growing order book and pipeline.

Post period end and outlook

Momentum has continued into the new financial year, with the Group announcing a new order in May 2023 from Paschimanchal Infrastructure Pvt Ltd, a subsidiary of IntelliSmart Infrastructure Private Ltd, for 600,000 Omnimesh Modules, taking the total number of modules ordered in India to 4.2 million. The order also includes Advanced Metering Infrastructure (AMI), Standards-Based Hardware, Services, Omnimesh Head-End Software, a Perpetual License, and an Annual Maintenance Contract and will support a smart metering deployment in the utility, Pachimanchal Vidyut Vitran Nigam Ltd (PVVNL), located in Uttar Pradesh, India.

In April 2023 CyanConnode announced the signing of a Memorandum of Association with Alfanar, a leading engineering, procurement, and construction (EPC) player, to explore joint investment opportunities in Advanced Metering Infrastructure (AMI) projects.

In June 2023 it was announced that CyanConnode Private Limited, the subsidiary of CyanConnode Holdings plc had been recognised as a Start-Up 50 Trailblazer by Dun & Bradstreet. This award underscores the Company's firm commitment to innovation, quality, and customer-centric solutions, with a robust roadmap for sustainable growth and profitability.

We've been delighted to see the continued revenue growth into the new financial year, with revenue for the first quarter of greater than £2.8 million, more than double that of the whole of the first half of FY23. In

addition, more than 330k modules have been shipped in the first quarter compared to 391k being shipped in the whole of FY23.
As a result of the increased business and requirements for the deployments, the Group is currently recruiting a number of new roles, particularly in India to scale the business.

I'd like to thank all employees, who have worked incredibly hard over the past year, for their commitment and contribution. I'd also like to thank our partners with whom we look forward to continuing to work on these groundbreaking projects. And as always I'd like to thank all shareholders for their continued support. We're confident that this momentum will continue through the current financial year and look forward to updating you throughout the period.

John Cronin
Executive Chairman

Financial Review

Financial Year 23 has once again produced record results in terms of orders won and also saw a fourth consecutive year of revenue growth. The revenues reported during FY23 included revenues not only from the Group's more traditional models seen for contracts in India, but also revenues from other territories which included revenue for sale of third-party products, often at a lower margin. This has resulted in lower than expected gross margin for the Group.

A summary of the key financial and non-financial Key Performance Indicators ("KPIs") for the year and details relating to its financing position at the year end are set out in the table below and discussed in this section.

	12 months Mar 2023 £000	**12 months Mar 2022 £000**	**12 months Mar 2021 £000**	**15 months Mar 2020 £000**	**12 months Dec 2018 £000**
Revenue	11,732	9,562	6,437	2,451	4,465
Gross Margin %	36%	52%	48%	56%	61%

R&D expenditure (including staff costs)	2,247	1,755	1,791	2,381	2,466
Operating costs	7,561	6,025	5,788	7,600	9,061
Operating loss	(3,347)	(1,018)	(2,685)	(6,230)	(6,320)
Depreciation and amortisation	489	616	627	773	472
EBITDA	(2,858)	(401)	(2,058)	(5,457)	(5,848)
Stock impairment	102	62	108	4	578
Impairment of intangible assets	968	-	-	-	-
Share based compensation	224	363	80	267	445
Foreign exchange losses / (gains)	8	34	(15)	267	16
Adjusted EBITDA[3]	(1,556)	58	(1,885)	(4,919)	(4,809)
Cash and cash equivalents	4,070	2,355	1,489	1,172	4,564
Average monthly operating cash outflow	(185)	(261)	(81)	(245)	(487)

	Mar 2023 FTE[4]	Mar 2022 FTE	Mar 2021 FTE	Mar 2020 FTE	Dec 2018 FTE
Average	64	59	47	50	52
Year end	70	60	54	48	61

Included within the table above are two alternative performance measures ("APMs" - see note 1): EBITDA and adjusted EBITDA. These are additional measures which are not required under UK adopted International Accounting Standards. These measures are consistent with those used internally and are considered important to understanding the financial performance and the financial health of the Group.

EBITDA (Loss) before Interest, Tax, Depreciation and Amortisation is a measure of cash generated by operations before changes in working capital. Adjusted EBITDA is a measure of cash generated by operations before stock impairment, impairment of investments, share-based compensation, impairment of intangible assets and foreign exchange losses. It is used to achieve consistency and comparability between reporting periods.

Notably from the table on the previous page:

- Revenue of £11.7 million was 23% higher than for FY22 (£9.6 million)
- Increase in operating loss to £3.3 million from £ 1.0 million
- Reduction in adjusted EBITDA to loss of £1.6 million in FY23 from £0.06 million in FY22
- EBITDA loss for the year to March 2023 increased to £2.9 million from £0.4 million loss in FY22
- Cash and cash equivalents at the end of FY23 of £4.1 million was £1.7 million higher than the end of FY22
- Share based compensation charges reflect the fair value of share options granted to employees over the vesting period of these options. Please see note 35 to the financial statements of the FY23 Annual Report for more information.

Financial items of note during the year other than those set out above were:

- Cash received from customers during FY23 was £10.7 million (2022: £8.2million)
- Trade and other receivables increased by £1.81 million during the year to £9.26 million (including retentions) as a result of increased revenue, particularly in the last two months of the financial year
- R&D cash tax credit of £0.7 million for FY23 (FY22: £0.6 million)

During the year an advance against the R&D tax credit was received. This will be repaid out of the R&D tax credit funds when received from HMRC. In addition, the loan from one director remained in place at year end, and letters of credit, invoice discounting and advance payments have been negotiated on recently won contracts to help with working capital requirements.

Key Performance Indicators (KPIs)

The financial and non-financial KPIs for the Group are as set out in the table above and described below.

- **FY23 revenues** were 23% up on the previous year FY22 as a result of major contracts in India which started deploying during the year, and contracts delivered in the MENA region.
- **Gross margin** for the year reduced from 52% to 36%, mainly as a result of the sale of third-party hardware at gross margins lower than usual for the Group. Gross margin will vary from year to year depending on the stage of deployment of each contract. Hardware, for which revenue is recognised typically during the first two years of a contract, is at a lower gross margin than software and services for which revenue can be recognised later in the deployment.
- **Operating costs** for the year increased by 25% compared to FY22, as a result of additional costs required to scale the business up to deploy its growing backlog of orders and a £1.0 million impairment of intangible assets.
- **Adjusted EBITDA** decreased from a profit of £58k in FY22 to a loss of £1.56 million in FY23 as a result of lower gross margin, increased operating costs and **EBITDA loss** increased from a loss of £0.4 million in FY22 to a loss of £2.9 million in FY23 also as a result of lower gross margin and increased operating costs, as well as an impairment of intangible assets.

costs, as well as an impairment of intangible assets.

- **Average headcount** increased by 5, and FTEs at year end increased from 59 in FY22 to 64 in FY23.
- Non-financial KPIs included the number of modules shipped which decreased from 612,000 in FY22 to 391,000 in FY23. However 46,000 NB-IoT hubs and 63,000 Cellular Gateways were also delivered in the MENA region.

The Group continually reviews whether additional financial and non-financial KPIs should be monitored.

The Group's long-term strategy is to deliver shareholder returns by generating revenue and moving into profitability. It seeks to do this by focusing its resources on emerging but fast-growing markets where it believes it can reach a market leading position with its technology. Management uses KPIs to track business performance, to understand general trends and to consider whether the Group is meeting its strategic objectives. As it grows, and as highlighted in the previous paragraph, it intends to review these KPIs and adapt them as appropriate, in response to how the business and strategy evolves.

The Group's key focus for the financial year ending March 2023 continued to be to streamline its processes from order to delivery and working to close further orders. A further focus was ensuring collection of cash from customers as Group revenues continued to grow.

Dividends

The directors do not recommend the payment of a dividend (2022: £nil). The Group has no plans to adopt a dividend policy in the immediate future and all funds generated by the Group will be invested in the further development of the business, as is normal for its industry sector and stage of its development.

Heather Peacock

Chief Financial Officer

CyanConnode Holdings plc

Consolidated income statement

For the year ended 31 March 2023

	Note	**Year 31 March 2023 £000**	Year 31 March 2022 £000
Continuing operations			
Revenue		**11,732**	9,562
Cost of sales		**(7,518)**	(4,554)
Gross profit		**4,214**	5,008
Exceptional item: impairment of intangible assets	2	**(968)**	-
Other operating costs		**(6,593)**	(6,025)
Operating loss		**(3,347)**	(1,017)
Amortisation and depreciation		**489**	616
Share-based payments		**224**	363
Stock impairment		**102**	62

Impairment of intangible assets		**968**	-
Foreign exchange losses		**8**	34
Adjusted EBITDA		**(1,556)**	58
Finance income		**35**	3
Finance expense		**(136)**	(164)
Loss before tax		**(3,448)**	(1,178)
Tax credit		**1,042**	307
Loss for the year		**(2,406)**	(871)
Loss per share (pence)			
Basic	3	**(1.03)**	(0.42)
Diluted	3	**(1.03)**	(0.42)

Consolidated statement of comprehensive income

Derived from continuing operations and attributable to the equity owners of the Company.

For the year ended 31 March 2023	**Year 31 March 2023 £000**	Year 31 March 2022 £000
Loss for the year	**(2,406)**	(871)
Exchange differences on translation of foreign operations	**21**	76
Total comprehensive income for the period	**(2,385)**	(795)

CyanConnode Holdings plc
Consolidated statement of financial position

As at 31 March 2023

	Note	**31 March 2023 £000**	31 March 2022 £000
Non-current assets			
Intangible assets		**3,433**	4,093
Goodwill		**1,930**	1,930
Other financial assets		**30**	58
Property, plant and equipment		**122**	31
Right of use asset		**62**	153
Trade receivables		**2,076**	1,058
Total non-current assets		**7,653**	7,323
Current assets			
Inventories		**793**	159
Trade and other receivables		**7,182**	6,393
R&D tax credit receivables		**748**	562
Cash and cash equivalents		**4,070**	2,355
Total current assets		**12,793**	9,469
Total assets		**20,446**	16,792
Current liabilities			
Trade and other payables		**(3,833)**	(2,364)
Short-term borrowings		**(1,226)**	(1,867)
Corporation tax liabilities		**-**	(193)
Lease liabilities		**(29)**	(28)
Total current liabilities		**(5,088)**	(4,452)
Net current assets		**7,705**	5,017
Non-current liabilities			
Lease liabilities		**(94)**	(125)
Deferred tax liability		**(452)**	(746)
Other payables		**(42)**	(38)
Total non-current liabilities		**(588)**	(909)
Total liabilities		**(5,676)**	(5,361)
Net assets		**14,770**	11,431
Equity			
Share capital	4	**5,438**	4,726

Share capital	4	**5,438**	4,726
Share premium account		**78,671**	73,883
Own shares held		**(3,611)**	(3,611)
Share option reserve		**804**	1,068
Translation reserve		**52**	31
Retained losses		**(66,584)**	(64,666)
Total equity being equity attributable to owners of the Company		**14,770**	11,431

CyanConnode Holdings plc

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital £000	Share Premium Account £000	Own Shares Held £000	Share Option Reserve £000	Translation Reserve £000	Retained Losses £000	Total Equity £000
Balance at 31 March 2021	3,735	69,662	(3,253)	925	(45)	(64,015)	7,009
Loss for the year	-	-	-	-	-	(871)	(871)
Other comprehensive income for the year	-	-	-	-	76	-	76
Total comprehensive income for the year	-	-	-	-	76	(871)	(795)
Issue of share capital	991	4,221	(358)	-	-	-	4,854
Credit to equity for share options	-	-	-	363	-	-	363
Transfer	-	-	-	(220)	-	220	-
Total transactions with owners	**991**	**4,221**	**(358)**	**143**	**-**	**220**	**5,217**
Balance at 31 March 2022	**4,726**	**73,883**	**(3,611)**	**1,068**	**31**	**(64,666)**	**11,431**
Loss for the year	-	-	-	-	-	(2,406)	(2,406)
Other comprehensive income for the year	-	-	-	-	21	-	21
Total comprehensive income for the year	**-**	**-**	**-**	**-**	21	(2,406)	(2,385)
Issue of share capital	712	4,788	-	-	-	-	5,500
Credit to equity for share options	-	-	-	224	-	-	224
Transfer	-	-	-	(488)	-	488	-
Total transactions with owners	712	4,788	-	(264)	-	488	5,724
Balance at 31 March 2023	**5,438**	**78,671**	**(3,611)**	**804**	**52**	**(66,584)**	**14,770**

CyanConnode Holdings plc

Consolidated cash flow statement

For the year ended 31 March 2023

	Note	Year 31 March 2023 £000	Year 31 March 2022 £000
Net cash outflow from operating activities	5	**(2,217)**	(3,134)
Investing activities			
Interest received		**3**	3

Purchases of property, plant and equipment	**(31)**	(26)
Purchases of intangible assets	**(734)**	(259)
(Purchase) / disposal of other financial assets	**(4)**	(14)
Net cash outflow from investing activities	**(766)**	(296)
Financing activities		
Interest paid on borrowings	**(125)**	(157)
Cash inflow from borrowings	**500**	500
Cash net (outflow) / inflow from debt factoring	**(541)**	(366)
Loan repayment	**(600)**	(385)
Capital repayments of lease liabilities	**(30)**	(153)
Interest paid on lease liabilities	**(11)**	(7)
Proceeds on issue of shares	**5,844**	5,177
Share issue costs	**(344)**	(327)
Net cash inflow from financing activities	**4,693**	4,282
Net increase in cash and cash equivalents	**1,710**	852
Effects of exchange rate changes on cash and cash equivalents	**5**	14
Cash and cash equivalents at beginning of the year	**2,355**	1,489
Cash and cash equivalents at end of the year	**4,070**	2,355

Analysis of changes in net cash / (debt)

For the year ended 31 March 2023	**At 1 April 2022 £000**	**Cash flow £000**	**Other non-cash movements £000**	**Net foreign exchange difference £000**	**At 31 March 2023 £000**
Cash and cash equivalents	**2,355**	**1,710**	**-**	**5**	**4,070**
Short-term borrowings	**(1,867)**	**641**	**-**	**-**	**(1,226)**
Lease liabilities	**(153)**	**41**	**(11)**	**-**	**(123)**
	(2,020)	**682**	**(11)**	**-**	**(1,349)**
Net cash / (debt) at end of year	**335**	**2,392**	**(11)**	**5**	**2,721**

For the year ended 31 March 2022	**At 1 April 2021 £000**	**Cash flow £000**	**Other non-cash movements £000**	**Net foreign exchange difference £000**	**At 31 March 2022 £000**
Cash and cash equivalents	1,489	852	-	14	2,355
Short-term borrowings	(2,118)	251	-	-	(1,867)
Lease liabilities	(98)	160	(215)	-	(153)
	(2,216)	411	(215)	-	(2,020)
Net cash / (debt) at end of year	(727)	1,263	(215)	14	335

Other non-cash movements include interest on lease liabilities and new leases taken out in the year.

Notes to the Financial Information

For the year ended 31 March 2023

1. General information

CyanConnode Holdings plc, (Company Registered No. 04554942), is a company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Merlin Place, Milton Road, Cambridge CB4 0DP.

The final results announcement is based on the financial statements which have been prepared in accordance with UK-adopted International Accounting Standards. The financial information has been prepared in accordance with the accounting policies used in the statutory financial statements for the year ended 31 March 2022.

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 March 2022 or 31 March 2023 within the meaning of section 434 of the Companies Act 2006 but is derived from those audited financial statements. The auditor's report on the consolidated financial statements for the years ended 31 March 2022 and the year ended 31 March 2023 is unqualified, does not contain statements under s498(2) or (3) of the Companies Act 2006 but referred to a material uncertainty regarding the Group's ability to continue as a going concern.

Going concern

To assess the ability of CyanConnode Holdings plc ("Group") to continue as a going concern, the directors have prepared a business plan and cash flow forecast for the period to 31 March 2025 which, together, represent the directors' best estimate of the future development of the Group which, together, represent the directors' best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales, the timing of customer payments and the level of working capital requirements. The detailed cashflow scenarios include Letters of Credit which have been secured from customers against contracts recently won.

At 31 March 2023 the Group had cash reserves of £4.1 million (FY22: £2.4m) and based on detailed cash flows provided to the Board within the FY24/25 budget, there is sufficient cash to see the Group through to profitability based on its standard operating model. However, should the Group require additional cash to cover working capital, as a result of rapid growth, there could be a requirement for additional funding to cover this. The Group is discussing working capital funding solutions with banks, particularly in India.

To assist with working capital, a loan from one director for £300,000 is still in place, after being extended to the Group in November 2020. The Company received an advance of £500,000 secured against its R&D tax credit in November 2022 and an invoice discounting facility secured against Letters of Credit for deliveries of Omnimesh modules in India. The advance against the R&D tax credit will be repaid out of the HMRC receipt which is expected to be received by October 2023.

Notwithstanding the material uncertainties described above which may cast significant doubt on the ability of the Group to continue as a going concern, on the basis of sensitivities applied to the cash flow forecast, the directors have a reasonable expectation that the company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

Alternative Performance Measures

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results of the Group. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

2. Exceptional item: impairment of intangible asset

SMIP intangible carrying value

We have modelled expected net cash flows from Connode AB's UK SMIP contract over the lifetime of the contract and compared the net present value of these cashflows to the £3,259k carrying value of the related intangible asset at the end of March 2023. Connode AB's contract involves the supply of software in areas where traditional smart meter technology would not work due to lack of mobile coverage ("not-spots"). The intangible asset had originally been valued based on the assumption that 10% of the areas being supplied by the contract would be not-spots, which would result in 2.3 million units of software being supplied over the duration of the contract.

The Group has now been notified by its customer Toshiba, that due to an end-of-life Telit component, which is essential in the design of the Toshiba hardware (mesh hub), there will now only be a maximum of 761k mesh hubs supplied under the contract. In addition, the Group has been notified that 3G is gradually being switched off in the UK, and meters will be replaced with 4G, commencing in 2025.

A model has now been created based on sensitivities to determine if an impairment to the intangible asset is required. Sensitivities were run based on various percentages of the finite number of 761k hubs being activated. Due to the uncertainties surrounding the contract and taking into account the numerous delays that have already occurred, the Board has agreed that an impairment of £968k would be taken in FY23 based on an assumption that 70% of the finite number of 761k hubs, being 532k meters, would be activated.

We note that if a 60% activation assumption had been adopted then there would have been an additional impairment of £352k with no impairment arising if an assumption of 90% had been taken.

3. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2023	2022
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent (£000)	**(2,406)**	(871)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (excluding own shares held)	**232,763,664**	205,173,434
Loss per share (pence)	**(1.03)**	(0.42)

The weighted average number of shares and the loss for the year for the purposes of calculating diluted loss per share are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per share and would not, therefore, be dilutive under the terms of IAS 33.

4. Share capital

Issued and fully paid, ordinary shares of 2.0 pence each	No	£000
As at 31 March 2021	186,742,898	3,735
Issue of new shares	49,566,137	991
As at 31 March 2022	236,309,035	4,726
Issue of new shares	35,578,329	712
As at 31 March 2023	**271,887,364**	**5,438**

In the year, shares were issued at prevailing market prices as settlement for professional services provided. £68,750 was raised this way during the year (2022: £4,710).

In October 2022 the Company successfully raised funding of £500,000 before expenses through a subscription for 4,081,632 ordinary shares.

In January 2023 the Company successfully raised funding of £5.25m before expenses through a placing of 30,882,354 ordinary shares.

During the year, shares were issued to directors and employees as part payment for their remuneration. £24,175 was raised this way during the year (2022: £4,710).

During the year 451,722 shares were issued as a result of the exercise of share options (2022: 201,250 shares). The Company has one class of ordinary share which carries no right to fixed income.

5. Reconciliation of operating loss to net cash outflow from operating activities

Group	2023 £000	2022 £000
Operating loss for the year:	**(3,347)**	(1,017)
Adjustments for:		
Depreciation of property, plant and equipment	**32**	31
Amortisation of Intangible assets	**426**	432
Depreciation on right of use assets	**31**	153
Impairment of intangible assets	**968**	-
Interest received on contract assets	**32**	-
Foreign exchange	**8**	20
Shares issued in lieu of bonus	**24**	5
Share-option payment expense	**224**	363
Operating cash flows before movements in working capital	**(1,602)**	(13)
(Increase)/decrease in inventories	**(634)**	52
Increase in receivables	**(1,827)**	(2,054)
Increase/(decrease) in payables	**1,475**	(1,568)
Cash reduction from operating activities	**(2,588)**	(3,583)

Income taxes received	**371**	449
Net cash outflow from operating activities	**(2,217)**	(3,134)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less.

6. Annual Report and Accounts and Notice of Annual General Meeting

The Notice of AGM and Proxy Form and full colour Annual Report and Accounts will be sent to shareholders by 1 August 2023 and made available on the Company's website shortly thereafter.

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[1] The majority of the Group's revenues are received in rupees for India and US dollars for the rest of world, whilst accounts are reported in Pound Sterling. Foreign exchange volatility can have an impact on the reported figures. Stockmarket Broker forecasts during 2022 used a rate of 1.15 against the USD and 95 against the Rupee

[2] Where Adjusted EBITDA is Operating loss before amortisation, depreciation, stock impairment, impairment of intangible assets, share-based compensation and foreign exchange losses.

[3] Where Adjusted EBITDA is Operating loss before amortisation, depreciation, stock impairment, impairment of intangible assets, share-based compensation and foreign exchange losses.

[4] Where FTE is the equivalent number of full-time equivalents