

Interim Results FY 2020



translogik
www.trans-logik.com

 SAW
sense

Transense Technologies plc

Sensor systems for the industrial, mining and transportation markets



- Tyre management solutions for off-the-road (OTR) and commercial vehicles
- Product portfolio includes:
 - OTR TPMS – iTrack system
 - tyre inspection tools
- Surface Acoustic Wave (SAW) technology
- Wireless, battery-less, sensor systems, measuring:
 - torque and temperature
 - pressure and temperature





iTrack system - Mining TPMS 24/7

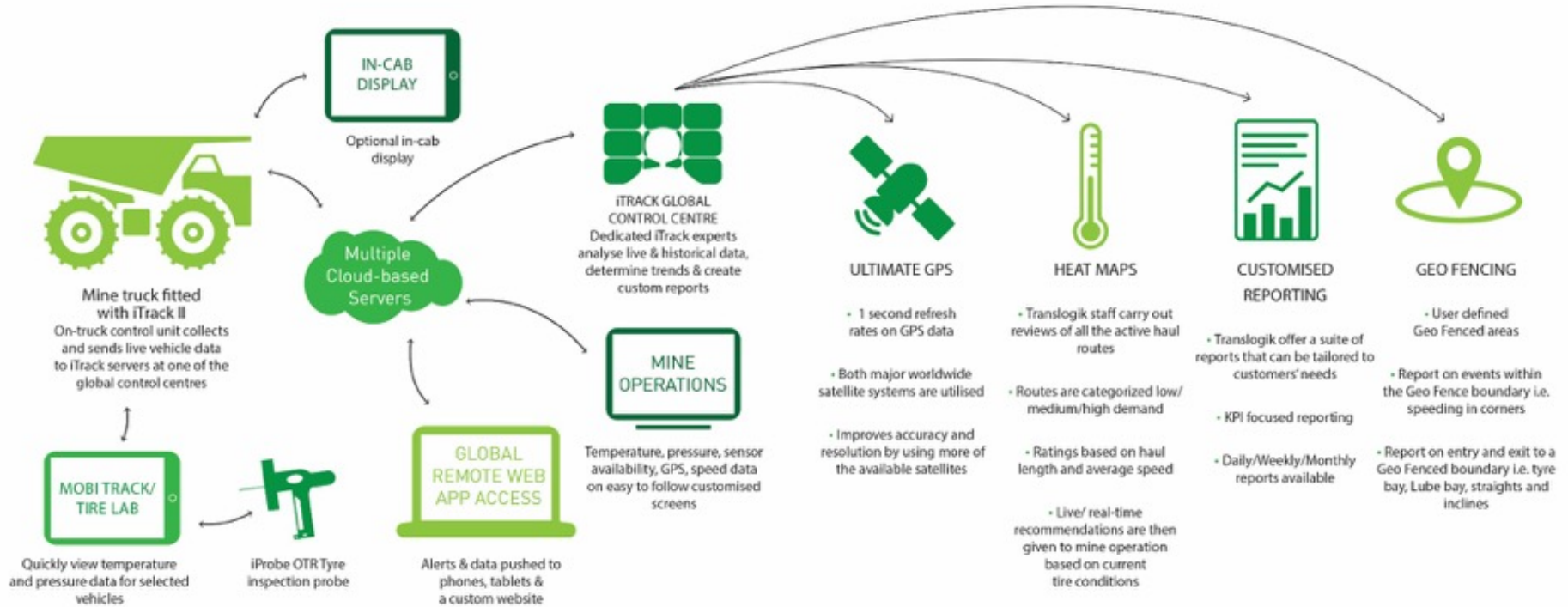
- Tyre pressure monitoring system (TPMS) for mines
- Reduced maintenance and downtime
- Increase average vehicle speed
- Improved site productivity
- Subscription sales model

Tyre probes

- Tread depth, pressure, RFID and TPMS sensor reader
- Reduced inspection time = improved site productivity
- Electronic data capture
- IOS and Android compatible
- Capex model

iTrack – System Overview

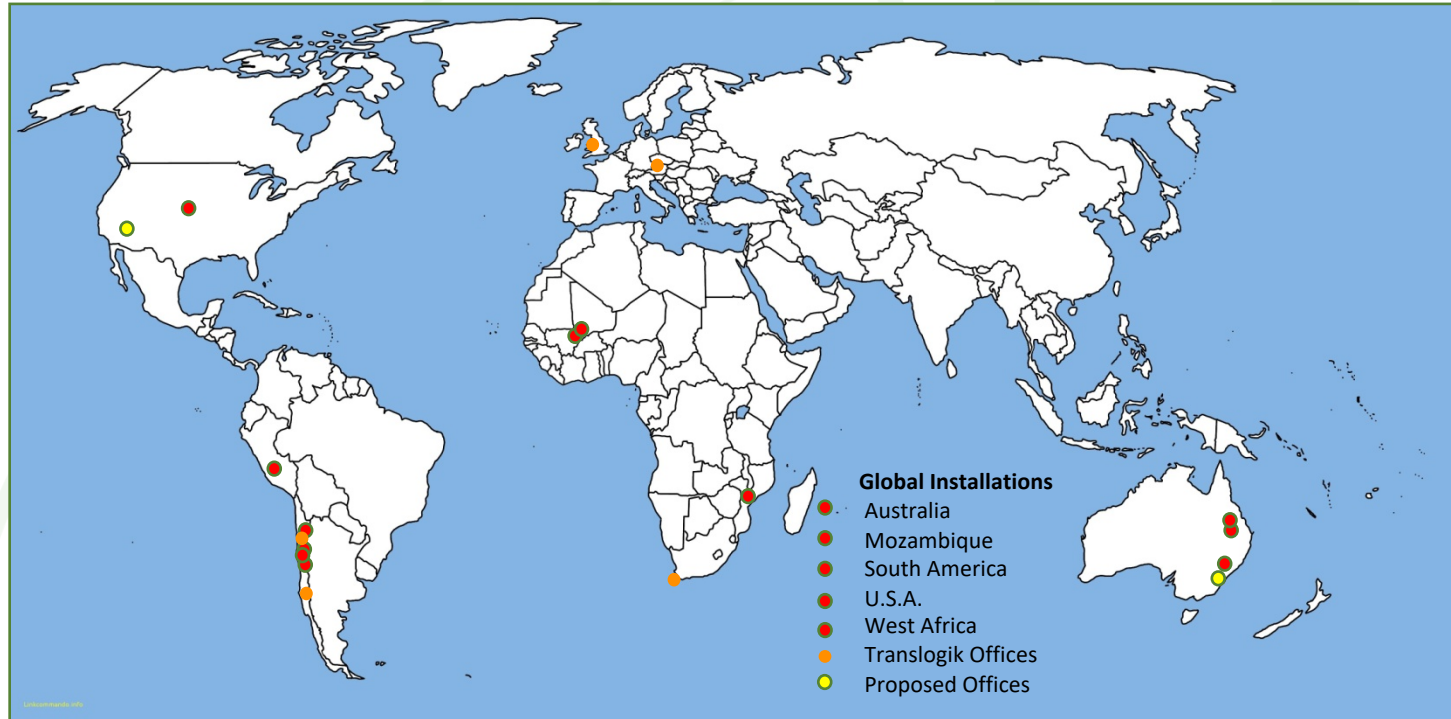
Maximise Truck Uptime – improve productivity



- Maximises the hours a truck is working (On-Road Truck Working Hours), which directly correlates to an increase in production
- Our 24/7 Control Room monitors the pressures and temperatures live
- Can ensure tyres do not exceed critical heat thresholds, detect incorrect load distributions, predict suspension failures, eliminate manual tyre pressure checks and more
- Reduce truck maintenance and downtime, + health and safety
- Existing iTrack users have reported increases in tyre life of up to 30% and fuel savings of up to 3% = rapid return on investment with the system paying for itself on a subscription model from day one



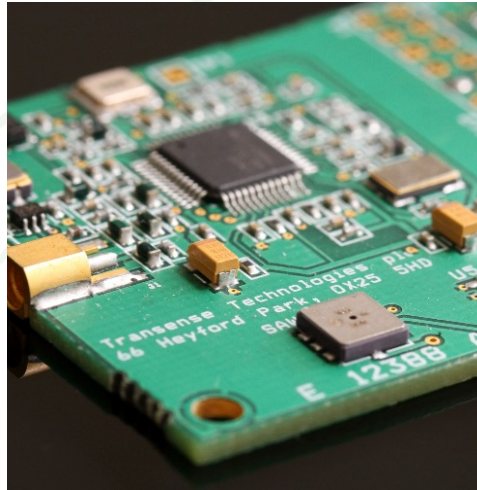
Global iTrack Footprint



- iTrack system gaining further commercial traction
 - Strong increases in subscription revenues and run rate
 - Rate of deployment on increasing trend
- Bridgestone joint collaboration agreement
 - Signed 12 Aug 2019 with initial 18 month term to 12 Feb 2021
 - February 2020 agreement to extend term to 12 Feb 2022
 - Contains certain mutual exclusivity arrangements
- Bridgestone profile
 - World's leading tyre manufacturer (£24bn global revenues)
 - Major provider of OTR tyres for large mine haul trucks
 - Offer access to world's leading mine owners & operators

Bridgestone – Joint Collaboration Agreement

- Aug 2019/Feb 2020 – Joint Collaboration Agreement and extension
- Interest free loan of US\$0.75m (£0.58m) to support anticipated accelerated growth drawn down August 2019. Repayable from a proportion of subscription income on relevant deployments
- Exclusivity
 - Bridgestone to offer iTrack as its exclusive mining TPMS for tyres 57 inches and above
 - TRT will not contract with any other tyre manufacturer for the provision of the iTrack system for tyres 57 inches and above
- Step change in customer contacts
- Transense undertaking not to have discussions with any other party in relation to any transaction of a merger, acquisition or joint venture nature in respect of its iTrack business recently extended to 30 April 2020



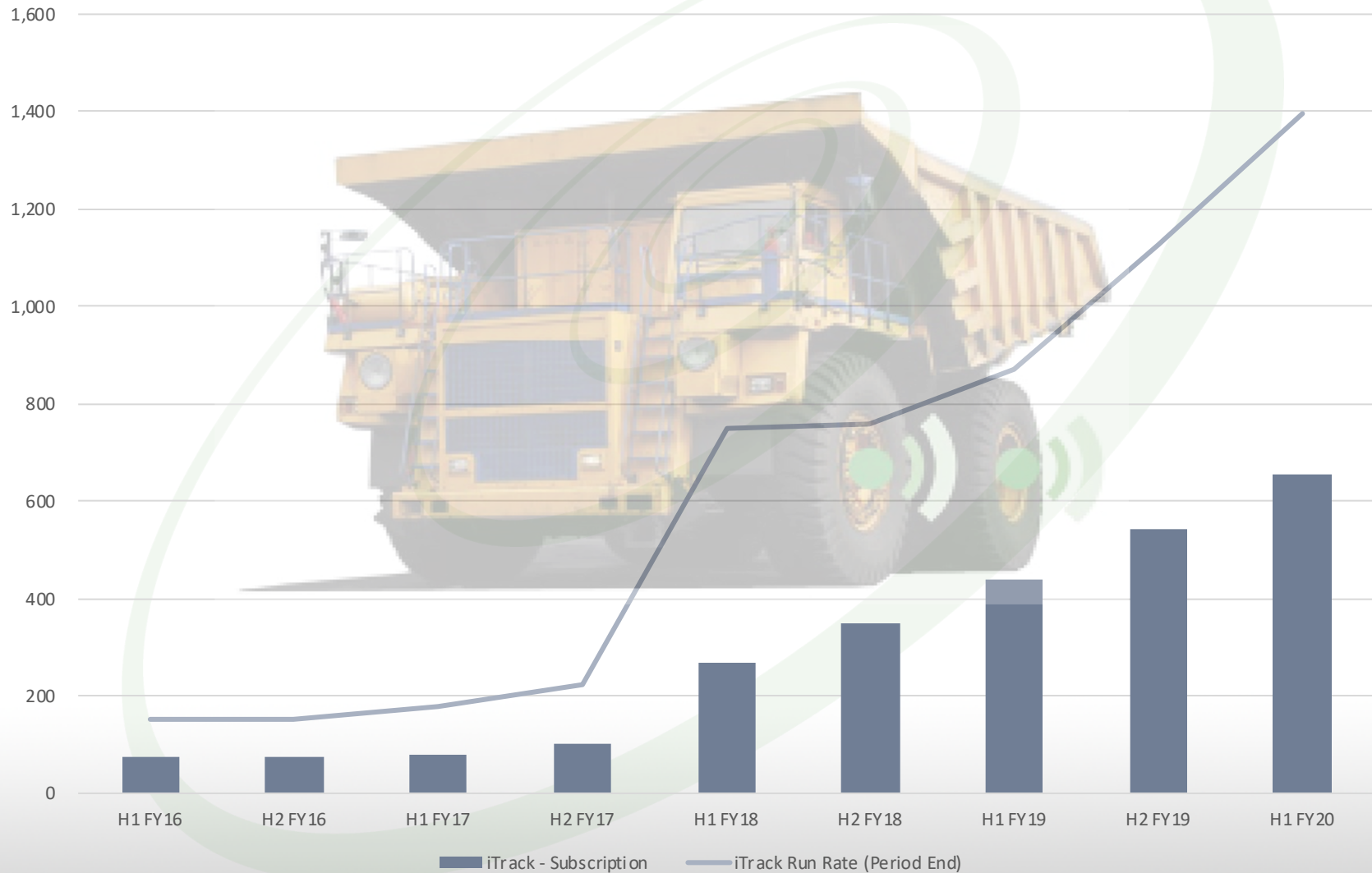
- Battery-less & wireless sensing
- Rotating shaft, hazardous environments
- Torque and temperature, or pressure and temperature, or other strain eg force/vibration/acceleration
- Applications:
 - Aviation
 - Automotive
 - Industrial
 - Marine

- GE Aviation – Technical transfer and support ongoing on T901 project
- GE – Other projects initiated in both aviation and marine
- McLaren – Interest extending beyond Indycar
- Lloyds Register – Joint project with University of Southampton for remote LNG tank monitoring progressing on schedule

- Major commercial advances on iTrack:
 - Subscription revenues up 50% to £0.66m (Dec 2018: £0.44m)
 - Dec 19 run rate up 24% to £1.40m (Jun 2019: £1.12m, Dec 2018: £0.87m)
 - Run rate including units awaiting deployment by customers £1.70m
 - Further new sites signed up for deployment since period end
- Probe sales recovery following increased marketing spend £0.24m (H2 FY19: £0.18m)
- Increased overhead £0.40m representing the ramping up of Bridgestone related costs
- Bridgestone loan drawn of US\$0.75m (£0.58m), with further financial support available
- Net loss after taxation £1.21m (Dec 2018: £0.78m)
- Cash used in operations of £0.56m (2018: £0.50m)
- Net cash* at end of period of £1.52m (Dec 2018: £0.84m)

**Excludes IFRS16 Lease impact and \$0.75m Bridgestone Loan*

iTrack Subscriptions and Period End Run Rates - £000's



Summary Statement of Comprehensive Income

	Half year to 31 Dec 19 (Unaudited) £'000	Half year to 31 Dec 18 (Unaudited) £'000	Full Year 30 Jun 19 (Audited) £'000
Continuing operations			
Revenue	965	933	2,226
Cost of sales	(193)	(202)	(435)
Gross profit	772	731	1,791
Administrative expenses	(2,080)	(1,686)	(3,603)
Operating loss	(1,308)	(955)	(1,812)
Interest receivable	4	-	2
Interest payable	(4)	-	-
Other income	118	49	79
Loss before taxation	(1,190)	(906)	(1,731)
Taxation	-	124	266
Loss for the year	(1,190)	(782)	(1,465)
Other comprehensive income:			
Exchange difference on translating foreign operations	18	2	2
Other comprehensive income for the year	18	2	2
Total comprehensive income for the year attributable to the equity holders of the parent	(1,172)	(780)	(1,463)

Summary Statement of Financial Position

	31 Dec 19 (Unaudited) £'000	31 Dec 18 (Unaudited) £'000	30 Jun 19 (Audited) £'000
Non current assets			
Property, plant and equipment	909	510	529
Intangible assets	1,033	860	946
	<u>1,942</u>	<u>1,370</u>	<u>1,475</u>
Current assets			
Inventory	730	575	566
Corporation tax receivable	-	129	-
Trade and other receivables	988	729	789
Cash and cash equivalents	1,519	843	2,647
	<u>3,237</u>	<u>2,276</u>	<u>4,002</u>
Total assets	<u>5,179</u>	<u>3,646</u>	<u>5,477</u>
Current liabilities			
Trade and other payables	(1,286)	(412)	(604)
Current tax liabilities	(63)	(68)	(55)
Provisions	(50)	(70)	(70)
Total liabilities	<u>(1,399)</u>	<u>(550)</u>	<u>(729)</u>
Non current liabilities	(204)	-	-
Net assets	<u>3,576</u>	<u>3,096</u>	<u>4,748</u>
Capital and reserves			
Share capital	5,451	5,025	5,451
Share premium	2,591	682	2,591
Share based payments	41	41	41
Translation reserve	41	23	23
Accumulated reserve/(deficit)	(4,548)	(2,675)	(3,358)
Shareholders' funds	<u>3,576</u>	<u>3,096</u>	<u>4,748</u>

Summary Consolidated Statement of Cash Flows

	Half year to 31 Dec 19 (Unaudited) £'000	Half year to 31 Dec 18 (Unaudited) £'000	Full year to 30 Jun 19 (Audited) £'000
Cash flow from operating activities			
Loss for the period	(1,190)	(782)	(1,465)
Adjustments for			
Taxation	-	(124)	(266)
Interest receivable	(4)	-	(2)
Interest payable	4	-	-
Depreciation of property, plant and equipment	211	178	369
Amortisation and impairment of intangible assets	216	211	396
Share based payments	-	-	-
Operating cash flows before movements in working capital	(763)	(517)	(968)
Change in receivables	(199)	(160)	(91)
Change in payables	583	68	247
Change in inventories	(164)	110	119
Cash used in operations	(543)	(499)	(693)
Taxation recovered	-	124	266
Net cash used in operations	(543)	(375)	(427)
Cash flows from investing activities			
Interest received	4	-	2
Interest paid	(4)	-	-
Acquisition of property, plant & equipment	(300)	(215)	(424)
Acquisition of intangible assets	(303)	(161)	(433)
Net cash used in investing activities	(603)	(376)	(855)
Cash flows from financing activities			
Proceeds from issue of equity share capital	-	-	2,335
Net cash used for financing activities	-	-	2,335
Net (decrease)/increase in cash and cash equivalents	(1,146)	(751)	1,053
Unrealised currency translation gain	18	2	2
Cash and cash equivalents at beginning of period	2,647	1,592	1,592
Cash and cash equivalents at end of period	1,519	843	2,647

Summary & Outlook

- Leading technologies validated by major global parties
- Substantial investment in iTrack infrastructure & working capital, supported by Bridgestone
- Building commercial momentum towards breakthrough growth
- David Ford appointed CEO of iTrack and Nigel Rogers appointed the new Chairman of Transense
- Increasing focus on opportunities for SAW and probe



Appendix

Capital Structure

Shareholder	% issued ordinary share capital
Criseren Investment Ltd	9.4%
Seneca Partners Limited	7.7%
P Lobbenberg	5.9%
Spreadex	5.1%
WB Nominees	4.9%
Legal & General	3.3%
Harwood Capital LLP	3.1%
Gerald Oury	3.0%

Directors of the Company hold in aggregate 1.19% of the issued ordinary share capital. Share options have been granted to current Directors and staff over 1,620,000 shares, representing 9.9% of the issued ordinary share capital of the Company with exercise prices of 75p & £1 per share. Former US employees of IntelliSAW Inc (which was a 100% subsidiary of Transense Technologies plc up to the sale in 2015) were allowed to retain their share options over 139,085 shares, representing less than 1 per cent of the issued ordinary share capital of the Company with an exercise price of £3.75.

Issued ordinary share capital and total voting rights = 16,307,282 ordinary shares.

Nigel Rogers, Non-Executive Chairman: Nigel has over twenty years' experience as a director of AIM listed engineering businesses, notably as CEO at Stadium Group Plc (2001-2011) and CEO at 600 Group Plc (2012-2015). He joined Transense as Non-Executive Deputy Chairman in 2015, and is also Chairman at Surgical Innovations Group plc, and Senior Independent Director at Solid State PLC.

Graham Storey, Group CEO: Previously CEO of The Moyses Stevens Group, following a management buy out. Through a combination of organic growth and acquisitions, the group grew to become the biggest commercial and retail florist in the UK. Graham carried out a successful sale of the business in 2004 to a venture capital fund and, prior to joining Transense was involved in investing in several businesses one of which was Transense Technologies plc.

David Ford, CEO iTrack: Specialist in IP law. In 1990 became Tarlo Lyons' first Managing Partner. In 1998 he led the management buyout of the consumer debt recovery department of his old firm, Tessera Group, where he was the non-executive chairman until it was acquired by Arrow Group in December 2014.

Melvyn Segal, Finance Director: Melvyn is a chartered accountant and experienced company finance director, having previously held finance director positions at various high growth private businesses. Prior to entering the commercial sector Melvyn was a partner for 22 years at the accountancy firm Arram Berlyn Gardner.

Rodney Westhead, Non-Executive Director: Chartered Accountant by training and until 2005 previous appointments were Chief Executive of Ricardo plc, the major automotive consulting engineering group with sales of £200 million a year and Chairman of Clean Air Power plc.

Non-Board:

Laren Yeomans, Translogik CEO: Previously Sales Director (1998–2004) for RBC Electronics - duties included selling white goods products into major high street retailers including B&Q, Argos and QVC TV shopping channel outlet. During this time also became Managing Director of Pneu-Logic Ltd which specialised in distributing data collection equipment into the tyre industry with customers such as Bridgestone, Michelin and Goodyear adopting the technology.

What is Surface Acoustic Wave (SAW) sensing?

Transense Technologies has developed two distinct sensors, one measures torque and temperature, the other pressure and temperature, and the requisite electronics to interrogate and read them. These sensors utilise Surface Acoustic Wave (SAW) technology.

A SAW is an acoustic wave that travels along the surface of an elastic material. This kind of wave is commonly used in piezoelectric devices in electronic circuits. These piezoelectric devices will convert electrical pulses into mechanical vibrations and, conversely, mechanical vibrations into electrical pulses. A SAW resonant sensor is designed to resonate at a certain frequency, but if its piezoelectric substrate distorts through heat, mechanical stress or pressure, it will resonate at a different frequency. When a radio wave is directed at this device to interrogate its properties, it will, in the absence of any external forces, reflect (back scatter) a wave of the same frequency to the source. If, however, the device is subject to external force, e.g. heat or stress, the reflected wave will be of a different frequency and that change in frequency can be measured. The Company has developed a way of measuring the difference in frequency between these waves in a range of sensors, which can be used to accurately calculate torque, temperature and pressure. In order to read this change in frequency, the Company has developed associated interrogation electronics and software. These SAW devices are fabricated utilising common processes employed in the manufacture of silicon integrated circuits.

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