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22 February 2022

Transense Technologies plc
(“Transense” or the “Company”)

Interim results & Investor Presentation

Transense Technologies plc, the developer of specialist sensor systems, reports its interim results for the six months ended 31 December 2021. The Company has continued to deliver strong revenue growth, resulting in being profitable at the pre-tax level and cash generative.

Highlights:

- Total revenue up by 35% to £1.20m (FY21 H1: £0.89m)
- iTrack royalty closing annualised run rate of £1.56m, up nearly 40% since June 2021 (£1.12m) and up 144% since inception in June 2020 (£0.64m)
- Revenues from Translogik tyre probes up 15% on FY21 H1
- EBITDA* of £0.20m (FY21 H1: £0.06m)
- Profit before taxation of £0.08m (FY21 H1: Loss of £0.05m)
- Earnings per share of 0.69 pence (FY 21 H1: 0.29 pence)
- Net cash at end of period of £1.07m (30 June 2021: £1.04m), increasing to £1.50m at 31 January 2022 following receipt of final quarter iTrack royalty payment
- Board and SAW team strengthened by new appointments
- Share buy back plan proposed

*Earnings before interest, tax, depreciation and amortisation

Commenting on the results and prospects, Executive Chairman of Transense, Nigel Rogers, said:

“These results further demonstrate the robust nature of our business strategy, with commercial income from royalties and probe sales increasing their contribution. These steady sources of revenue have enabled us to make further controlled investment into our SAW business, where the development of our capabilities continues in parallel with increasing prospects for future commercial success.”

“The Board expects the Company to continue on a high growth trajectory, with minimal additional spend and a consequential low downside risk profile. With the availability of uncommitted cash and a growing distributable reserves balance, the directors plan to initiate a programme of share buybacks to address the short term effects of current market conditions and protect prospects for the delivery of longer-term shareholder value.”

Investor Presentation: 4pm today, Tuesday 22 February 2022

Nigel Rogers (Executive Chairman) and Melvyn Segal (Chief Financial Officer) will provide a presentation on the Company and its Interim Results at 4pm today, Tuesday 22 February 2022. The presentation will be hosted through the digital platform Investor Meet Company.

To attend the presentation, investors can sign up to Investor Meet Company for free and select to meet Transense Technologies plc via the following link: <https://www.investormeetcompany.com/transense-technologies-plc/register-investor>. Investors who have already registered and selected to meet the Company will automatically be invited to the presentation.

Questions can be submitted before the event to transense@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

This interim results report will not be posted to shareholders but will be available on the Company's website later today along with the investor presentation.

For further information please visit www.transense.com or contact:

Transense Technologies plc

Nigel Rogers (Executive Chairman)
Melvyn Segal (CFO)

Via Walbrook PR

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Notes to Editors:

Transense develops and supplies wireless sensor technology and systems. The Company has three business areas:

- **SAW**, patent protected Surface Acoustic Wave sensor technology that provides real time measurement of torque, temperature, pressure and strain, that is used to improve efficiency, performance and safety of propulsion systems and machinery;
- **Translogik**, smart, connected commercial vehicle tyre inspection equipment, used by vehicle fleets to more easily gather and maintain accurate tyre safety and condition data; and
- **iTrack**, a tyre pressure monitoring system for off-highway machinery, licensed exclusively to Bridgestone Corporation, the world's largest tyre producer, under a ten-year deal.

Target market sectors include automotive, aerospace and industrial machinery. The Group's strategy is to leverage excellence in innovation, know-how in wireless sensor technologies and form industry partnerships in these global growth sectors to maximise shareholder value through sustained revenue growth from all three principal technologies – SAW, iTrack and Translogik.

Transense is headquartered in Oxfordshire, UK, and was admitted to trading on AIM, a market operated by the London Stock Exchange (AIM: TRT), in 1999.

For further information please contact transense@walbrookpr.com

Transense Technologies plc

Chairman's Statement

I am pleased to report interim financial results which further demonstrate the robust nature of our business strategy, with commercial income from royalties and probe sales increasing their contribution. These steady sources of revenue have enabled us to make further controlled investment into our SAW business, where the development of our capabilities continues in parallel with increasing prospects for future commercial success.

Business strategy

The business strategy of the Company remains to develop innovative sensing solutions across a range of applications, which are commercialised either through the launch of products and services to customers or by forming strategic alliances with partner organisations. Value is realised through a combination of commercial income, royalties, licensing income and capital gains on disposals.

Business review

iTrack royalty income

In June 2020, the Company granted an exclusive worldwide licence to ATMS Technology Limited ("ATMS"), a wholly-owned subsidiary of Bridgestone Corporation Japan (Bridgestone), covering all current and future iTrack technology for a period of ten years. Under the licence, ATMS offers Bridgestone customers worldwide tyre monitoring systems for all off-the-road vehicles using iTrack technology. Transense receives a quarterly royalty payment based upon the number and classification of vehicles upon which the iTrack technology is deployed over a ten year period, at the conclusion of which ATMS will have the option to acquire the technology for a nominal cash sum.

During the six months ended 31 December 2021 the iTrack installed base continued to gather momentum, generating a 76% increase in royalty income compared with the equivalent period last year to £0.66m (FY21 H1: £0.37m). The annualised run rate of royalty income in Sterling terms increased by nearly 40% during the period, exiting at the rate of £1.56m per annum (30 June 2021 run rate: £1.12m).

Bridgestone has publicly stated that it continues to pursue a mid-term strategy to develop mobility solutions as an integral and growing element of their offer to customers, with a target of securing up to 20% of revenues from digital products. By February 2022, iTrack was installed at more than 40 sites, double the number twelve months previously. They expect the development of their mining solutions business will be further accelerated by the recent acquisition of Otraco, a tyre services provider with a particularly strong presence in two key geographical markets: Australia and Chile. The combination of Bridgestone and Otraco provides further sales opportunities, including the addition of more than 60 sites where Otraco provides tyre management services in these markets.

Surface Acoustic Wave

Transense is a leader in the development of Surface Acoustic Wave ("SAW") sensor technology. SAW technology provides exceptionally compact and rugged sensor systems that measure torque, strain, pressure and temperature. SAW sensors operate wirelessly and at high speed without the need for a local power source, bringing benefits in applications where real-time values for torque, temperature or other measurements can be used to optimise efficiency, improve safety and increase performance.

Although our SAW technology has been in existence for many years, the structural and management changes brought about by the iTrack licence in June 2020 provided an ideal opportunity to reboot the development of applications and commercialisation. Since that point, the focus of Board attention, the formation of our commercial advisory panel ("SAWCAP") and the strengthening of the management and engineering teams has transformed future prospects.

These results show a small reduction in reported revenue from ongoing customers from £0.11m to £0.07m, however, this was substantially due to short term timing differences and is not considered to be a significant performance indicator in gauging prospects for future success.

In September 2021, a Joint Collaboration Agreement was signed offering our partner, McLaren Applied Limited, exclusivity in the use of our technology for premium motorsport driveline applications in exchange for meeting minimum revenue targets on an annual basis over the duration of the agreement. Initial revenues in the period were not anticipated to be significant, and these will ramp up during the second half of this financial year and continue into subsequent financial years. Joint marketing efforts are planned to raise the profile of the high-performance control systems that McLaren can deliver using our technology, which may also extend beyond the premium motorsport sector.

Revenues from the provision of technical support for the GE ITEP programme were also reduced from the relatively high level last year, as the programme moves from development towards full production. Engine testing begins early this year with First Engine To Test, initiating a multi-year test campaign on eight factory engines, with flight test engine deliveries to the US Government commencing late in 2022 to support aircraft flight testing on four different platforms.

We have continued to expand our reach in business development through the SAWCAP initiative and our increased market presence through social media and direct approaches. The Board was delighted with the appointment of Ryan Maughan FIMechE MSc in a part-time role as Business Development Director in December 2021. His deep knowledge and extensive network of contacts across the highly specialised Power Electronics, Electric Motors and Drives (PEMD) sector is already opening up many potential opportunities for new business.

As Covid travel restrictions begin to ease, we welcome the opportunity to recommence face-to-face meetings with customers and potential customers during the second half of the current financial year, most of whom we have been unable to visit for the past two years. Looking towards the second half, we anticipate increased premium motorsport activity. We are also working with a major OEM in a high value off highway application, with whom we have recently completed a successful test bed trial and expect to move into a second stage field trial later in the year.

In business development, we are exploring the use of SAW technology with two leading aerospace clients and are in exploratory stages of engagement with tier one automotive, industrial and off-highway suppliers. These discussions are at an early stage and, whilst not offering certainty of future success as yet, there is potential to secure customer and/or grant funding to support their further development. Overall, we are pleased with progress in the commercialisation of SAW technology and optimistic towards prospects.

In anticipation of the increase in commercial SAW activity we have committed controlled investment in design and operations through new key engineering appointments, bringing our team up to eight highly skilled and motivated engineers. We have also committed modest capital expenditure of approximately £100,000 to further develop our in-house assembly, test and calibration capabilities to streamline future throughput and facilitate increased pilot production capacity. These operational improvements have been led by Nick Hopkins, who we were delighted to also welcome to the Board in December 2021 as Chief Operating Officer.

Translogik Probes

Our range of tyre tread depth probes provide extremely accurate and reliable tyre data instantly, and is aimed towards service providers, systems integrators and fleet managers in the truck and bus sector. Our product range is designed to be compatible with the tyre management systems of most of the world's leading tyre producers. The new modular TLGX Series range, launched in June 2020, currently has four levels offering progressively enhanced features at a variety of price points.

Revenue from Translogik probes increased by 15% to £0.47m (FY21 H1: £0.41m), with around two thirds of sales attributable to the new range. This rapid adoption has presented opportunities to upsell, hence gross margin improved slightly from 52.0% to 54.4% despite significant increases in component costs. Accordingly, it is likely that the older Gen 1 product will be subject to a last time buy programme during the second half of the financial year. The current global shortage of electronic components has not impacted probe sales to date, although sourcing components remains a challenge and appropriate action is being taken to mitigate any shortages until the supply chain returns to normal.

In addition to an increased level of enquiries from independent fleet users, development work is underway to align the TLGX range even more closely with the fleet management systems of a select group of leading tyre manufacturers, which is expected to drive further increases in demand in coming months.

Financial review

Key performance indicators

The Board considers the following to be key performance indicators:

	FY 2022	FY 2021	
	Interim (unaudited)	Interim (unaudited)	Full Year (audited)
	£'000	£'000	£'000
Turnover	1,203	895	1,773
Gross Profit	986	695	1,388
EBITDA	196	56	61
Profit/(Loss) before Taxation	82	(53)	(157)
Profit after Taxation	114	48	156
EPS (pence)	0.69	0.29	0.96
Cash	1,071	1,050	1,046
Net increase/(decrease) in cash	25	(143)	(147)

Reported results

Revenues for the six months from continuing operations increased by 35% to £1.20m (FY21 H1: £0.89m).

Royalty income generated by iTrack technology increased by 76% to £0.66m (FY21 H1: £0.37m). The installed base increased by 35% during the past six months, and the annualised royalty run rate at 31 December 2021 was 167% higher than the opening US Dollar run rate in June 2020 and an increase of 144% in Sterling terms.

SAW revenues reduced slightly to £0.07m for the period (FY21 H1: £0.11m). Whilst SAW activities continue to incur a net loss, the Board is satisfied that the current level of operating costs is appropriate to the prospects of future commercial success.

Translogik probe revenues increased by 15% to £0.47m, generating a net profit contribution of £0.19m to the Company's results.

Operating expenses in the period increased to £0.90m (FY21 H1: £0.79m) and the Company delivered EBITDA* from continuing operations of £0.20m (FY21 H1: £0.06m).

The net profit before taxation from continuing operations was £0.08m (FY21 H1: loss of £0.05m) and, after recognition of the R&D tax credit and deferred tax, the net profit after taxation attributable to

shareholders was £0.11m (FY21 H1: £0.05m). Earnings per share amounted to 0.69 pence (FY21 H1: 0.29 pence).

**Earnings Before Interest, Depreciation and Amortisation as set out in Note 4.*

Cash flow and financial position

Net cash inflow from operating activities before movements in working capital amounted to £0.24m (FY21 H1: outflow of £0.08m).

Net cash balances at the end of the period stood at £1.07m (30 June 2021: £1.05m) and net assets stood at £2.57m (30 June 2021: £2.34m). Net cash as at 31 January 2022 increased to £1.50m following receipt, in January 2022, of the quarterly royalties from Bridgestone for the period to 31 December 2021. The Board has assessed the financial and operational needs of the business over the next twelve months taking into account a range of contingencies, and the directors are satisfied that the Company has access to adequate sources of finance.

Accordingly, the Board considers that the Company will have sufficient resources to continue in operational existence for the foreseeable future, and has adopted the going concern basis of accounting.

Share buy backs

The Company's share price over the period rose from 90.5p on 1 July 2021 to a peak of 122.5p on 5 November 2021, before falling back to close the six months at 31 December 2021 at 80.5p and subsequently has been as low as 67.0p more recently. In the opinion of the directors, this unusual short term volatility has little or no correlation with the underlying performance of the business or any material change in prospects. Rather, the share price appears to move in response to small changes in the marginal supply and demand for shares, with thin trading volumes in an illiquid market. Accordingly, the Board is planning for the Company to commence a programme of share buybacks, in order to mitigate the effects of short term supply excess and promote the preservation of long term shareholder value, and to offset the dilutive impact of share awards to directors and employees.

Outlook and prospects

The Company is now experiencing good growth in the royalty income from iTrack, and is aware of further opportunities to grow sales of the Translogik probe business.

Investment in the development of our SAW capabilities is carefully controlled, proportionate to the scale and number of available commercial opportunities, and will have minimal impact on future profitability. The additional SAW based head count at employee and Board level, together with the SAWCAP input, has already substantially improved the opportunities to commercialise SAW. The directors continue to focus on maximising the use of our resources and the delivery of future success.

Accordingly, the directors are confident that the Company can continue to deliver results on a growth trajectory, whilst carrying correspondingly low risk. Furthermore, the share buy back programme we intend to propose today will enable the Company to acquire shares during any future periods in which market conditions cause any unjustified weakness in the share price.

Nigel Rogers
Executive Chairman
22 February 2022

Transense Technologies plc

Condensed Statement of Comprehensive Income

	Half year to	Half year to	Full year to
	31 Dec 21	31 Dec 20	30 Jun 21
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Continuing operations			
Revenue	1,203	895	1,773
Cost of sales	(217)	(200)	(385)
Gross profit	986	695	1,388
Operating costs	(898)	(790)	(1,581)
Operating profit/(loss)	88	(95)	(193)
Financial expense	(6)	(6)	(12)
Other income	-	48	48
Profit/(Loss) before taxation	82	(53)	(157)
Taxation	32	101	313
Profit for the period from continuing operations	114	48	156

Transense Technologies plc

Condensed Statement of Financial Position

	31 Dec 21 (Unaudited)	31 Dec 20 (Unaudited)	30 Jun 21 (Audited)
	£'000	£'000	£'000
Non current assets			
Property, plant and equipment	201	248	211
Intangible assets	731	815	770
Deferred tax	68		47
	1,000	1,063	1,028
Current assets			
Inventory	108	61	73
Corporation tax receivable	71	100	60
Trade and other receivables	731	403	564
Cash and cash equivalents	1,071	1,050	1,046
	1,981	1,614	1,743
Total assets	2,981	2,677	2,771
Current liabilities			
Trade and other payables	(269)	(225)	(260)
Lease liabilities	(63)	(63)	(65)
Total liabilities	(332)	(288)	(325)
Non current liabilities			
Lease liabilities	(75)	(136)	(104)

Total liabilities	(407)	(424)	(429)
Net assets	2,574	2,253	2,342
Capital and reserves			
Share capital	1,644	5,451	1,631
Share premium	65	2,591	-
Share based payments	122	63	82
Accumulated profit/(loss)	743	(5,852)	629
Shareholders' funds	2,574	2,253	2,342

Transense Technologies plc

Condensed Statement of Changes in Equity (Unaudited)

	Share capital	Share premium account	Share based payments	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2020	5,451	2,591	41	(5,900)	2,183
Comprehensive income for the year:					
Profit for the year	-	-	-	156	156
Share based payment	-	-	41	-	41
Share capital reduction	(3,820)	(2,591)	-	6,411	-
Expenses of capital reduction	-	-	-	(38)	(38)
Balance at 30 June 2021	1,631	-	82	629	2,342
Comprehensive income for the period:					
Profit for the period	-	-	-	114	114
Share based payment	-	-	40	-	40
Warrants exercised	13	65	-	-	78
Balance at 31 December 2021	1,644	65	122	743	2,574

Transense Technologies plc

Condensed Statement of Cash Flows

	Half year to 31 Dec 21 (Unaudited) £'000	Half year to 31 Dec 20 (Unaudited) £'000	Full year to 30 Jun 21 (Audited) £'000
Cash flow from operating activities			
Profit for the period	114	48	156
Adjustments for:			
Taxation	(32)	(101)	(313)
Net financial expense	6	6	12
Depreciation of property, plant and equipment	43	43	85
Amortisation and impairment of intangible assets	65	60	121
Share based payments	40	22	41
Operating cash flows before movements in working capital	236	78	102
Change in receivables	(167)	37	(124)
Change in payables	9	(628)	(594)
Change in inventories	(35)	2	(10)
Cash used in operations	43	(511)	(626)
Taxation recovered	-	176	381
Net cash used in operations	43	(335)	(245)
Cash flows from investing activities			
Acquisition of property, plant & equipment	(33)	(1)	(6)
Acquisition of intangible assets	(25)	(31)	(47)

Proceeds from disposal of trade and assets (net of cash)	-	1,236	1,237
Net cash used in investing activities	(58)	1,204	1,184
Cash flows from financing activities			
Capital reduction costs	-	-	(38)
Warrants exercised	78	-	-
Loans repaid	-	(976)	(976)
Interest paid	(6)	(6)	(12)
Payment of lease liabilities	(31)	(30)	(60)
Net cash generated/(used) for financing activities	41	(1,012)	(1,086)
Net increase/(decrease) in cash and cash equivalents	25	(143)	(147)
Unrealised currency translation gain	-	-	-
Cash and cash equivalents at beginning of period	1,046	1,193	1,193
Cash and cash equivalents at end of period	1,071	1,050	1,046

Notes to the Interim results for the six months to 31 December 2021

1. Reporting Entity and Basis of Preparation

Transense Technologies plc (“the Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. These condensed interim financial statements are presented in pounds sterling, rounded to the nearest thousand.

The financial statements of the Group are available upon request from the Company’s registered office or at www.transense.com

2. Going Concern

The Board has considered the financial position and future plans of the Company and is satisfied that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these interim financial statements have been prepared on a going concern basis.

3. Accounting policies

The Condensed Financial Statements for the half yearly report for the six months ended 31 December 2021 have been prepared using accounting policies and methods of computation consistent with those set in Transense Technologies plc’s Annual Report and Financial Statements for the year ended 30 June 2021. There has been no change to any accounting policy since the date of that report.

4. Segmental analysis

Continuing Revenue by region	Half year to 31 Dec 21 (Unaudited) £’000	Half year to 31 Dec 20 (Unaudited) £’000	Full year to 30 Jun 21 (Audited) £’000
North America	211	111	244
South America	64	38	82
Australia	18	17	28
UK & Europe	226	261	318
Rest of the World	24	94	269
Royalty income	660	374	832
Total	1,203	895	1,773

Half Year to 31 Dec 2021	IT Royalties £'000	SAW £'000	Probes £'000	Admin £'000	Total £'000
Turnover	660	73	470	-	1,203
Gross profit	660	70	256	-	986
Operating costs	-	(442)	(62)	(286)	(790)
EBITDA*	660	(372)	194	(286)	196
Depreciation and amortisation	(22)	(86)	-	-	(108)
Finance expenses	-	(6)	-	-	(6)
Profit/(loss) before taxation	638	(464)	194	(286)	82
Taxation	5	6	-	21	32
Profit/(loss) after taxation	643	(458)	194	(265)	114

Half Year to 31 Dec 2020	IT Royalties £'000	SAW £'000	Probes £'000	Admin £'000	Total £'000
Turnover	374	114	408	-	896
Gross profit	374	109	212	-	695
Operating costs	-	(383)	(60)	(244)	(687)
Other income	-	48	-	-	48
EBITDA*	374	(226)	152	(244)	56
Depreciation and amortisation	(22)	(78)	(2)	-	(102)
Finance expenses	-	(7)	-	-	(7)
Profit/(loss) before taxation	352	(311)	150	(244)	(53)
Taxation	50	51	-	-	101
Profit/(loss) after taxation	402	(260)	150	(244)	48

Year to 30 June 2021	IT Royalties £'000	SAW £'000	Probes £'000	Admin £'000	Total £'000
Turnover	832	177	764	-	1,773
Gross profit	832	171	385	-	1,388
Operating costs	-	(749)	(111)	(515)	(1,375)
Other income	-	48	-	-	48
EBITDA*	832	(530)	274	(515)	61
Depreciation and amortisation	(47)	(156)	(3)	-	(206)
Finance expenses	-	(12)	-	-	(12)
Profit/(loss) before taxation	785	(698)	271	(515)	(157)
Taxation	102	164	-	47	313
Profit/(loss) after taxation	887	(534)	271	(456)	156

*Earnings before interest, tax, depreciation and amortisation

5. Corporation tax and deferred tax

The Company is entitled to a Corporation Tax credit in respect of expenditure on Research and Development. In January 2022, the Company received £0.07m R & D tax credit from HMRC in respect of the Financial Year 2021. The benefit of this credit was substantially recognised in the FY 21 (£0.06m) and the balance has been recognised in the accounts to 31 December 2021.

The Company has approximately £23m of Corporation Tax losses which, subject to agreement by HM Revenue and Customs, are available for offset against future profits of the same trade. There is no expiry date for tax losses, however there is an annual restriction of £5m plus half of the surplus above £5m. As the Company moved into profitability Deferred Tax was recognised for the first time in the full years accounts to 30 June 2021 by recognising a credit relating to FY 22 estimated results.

The deferred tax charge and credit in H1 reflects the charge reversing the credit for the pre tax profit in H1 and an additional credit reflecting the forecast pre tax profits for the full year FY22 and FY23 now a profitable underlying trend is in place. It is recognised on the basis of an effective rate for the full year FY22 with an estimated credit of approximately £0.25m to be recognised in the full year accounts.

6. Earnings per share

	31 December 2021	31 December 2020	30 June 2021
	Shares	Shares	Shares
Weighted average number of shares in the period	16,402,998	16,307,282	16,307,282

Earnings per share			
From continuing operations	0.69p	0.29p	0.96p