



Interim Results H1 FY24

Six-month period ended 31 December 2023

19 February 2024

OVERVIEW/RECAP

Nigel Rogers – Executive Chairman



	Historic 2020-2023	Mid Term 2023-2028	Long Term Beyond 2028
Bridgestone iTrack Royalty	Annual step changes Main driver of top-line growth	CAGR in volume of c.15% Unit rate reduction in June 2025 Likely to revert to c.2023 level	Growth rate slows Unit rate reduction June 2028 Expires June 2030
Translogik	CAGR c. 15% pa	Annual step changes Main driver of top-line growth Move to recurring revenue model	Strong ongoing growth potential Total addressable market >US\$25m pa
SAWsense	Technical & commercial evaluation	Application development projects with key strategic customers in target market sectors Aim to be financially self-sufficient Building pipeline of sustainable long term partnerships	Annual step changes Main driver of top-line growth
Overall Company	CAGR c. 40% pa (from low base)	Continued high growth to 2025 TL & Saw sufficient to offset iTrack (2025- 2028)	SAW & TL drive continued growth beyond end of iTrack

3. Mid & Long-Term Business Goals



Bridgestone iTrack Royalty:

- Increased 27% over same period last year
- Current year growth meets mid-term planned CAGR of 15%

Translogik Tyre Monitoring:

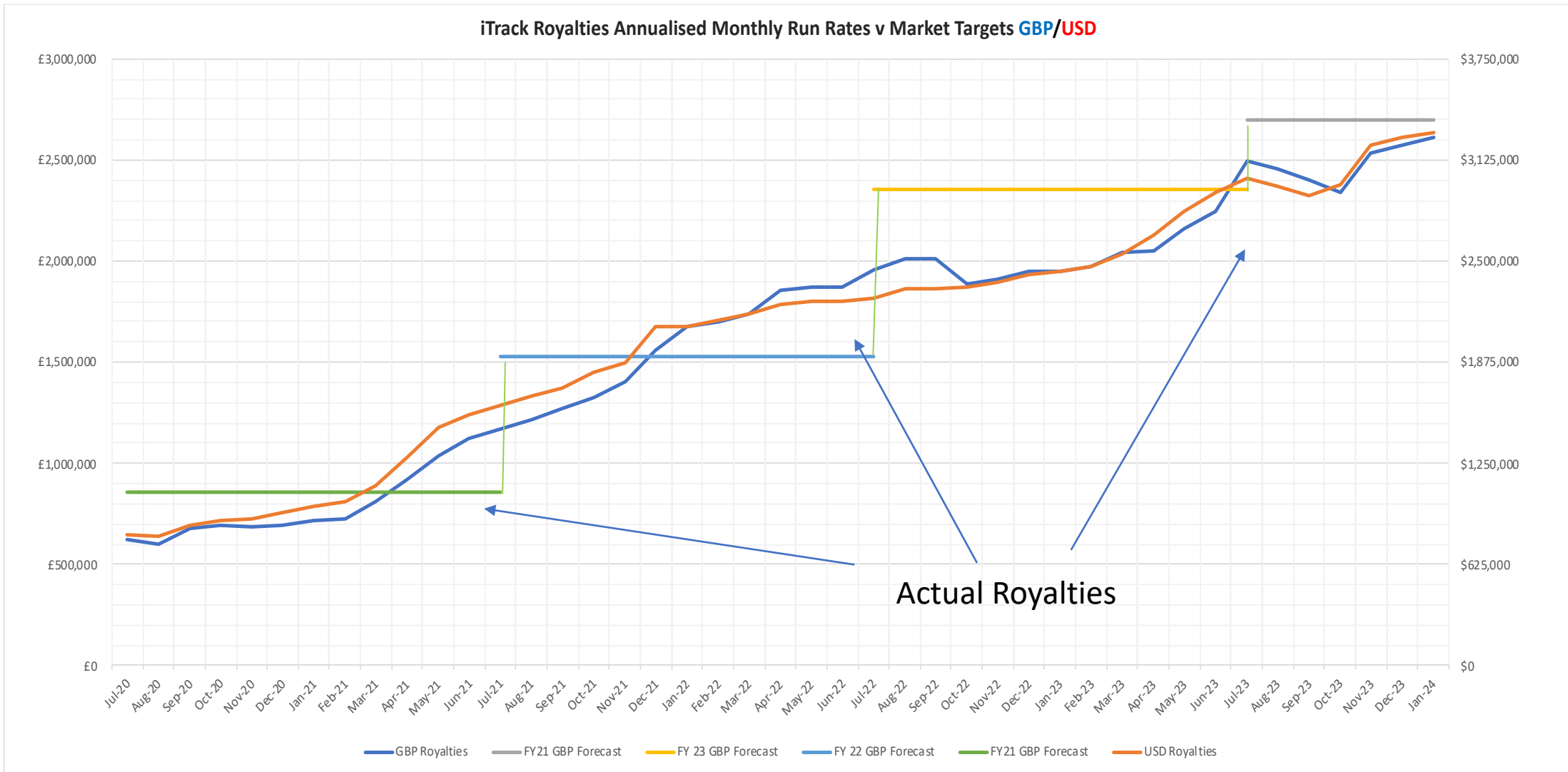
- Revenue stable from existing channels
- Investing in sales & marketing - creating new markets for H2 & FY25

SAW Technology:

- Revenue constrained in tough market conditions
- Pipeline growing in scale & depth
- Aerospace sector engagement evidenced by new projects

Financials:

- Double digit revenue growth, PBT up 146%
- Opex compressed in H1, and set to increase in H2
- Strong cash generation and balance sheet



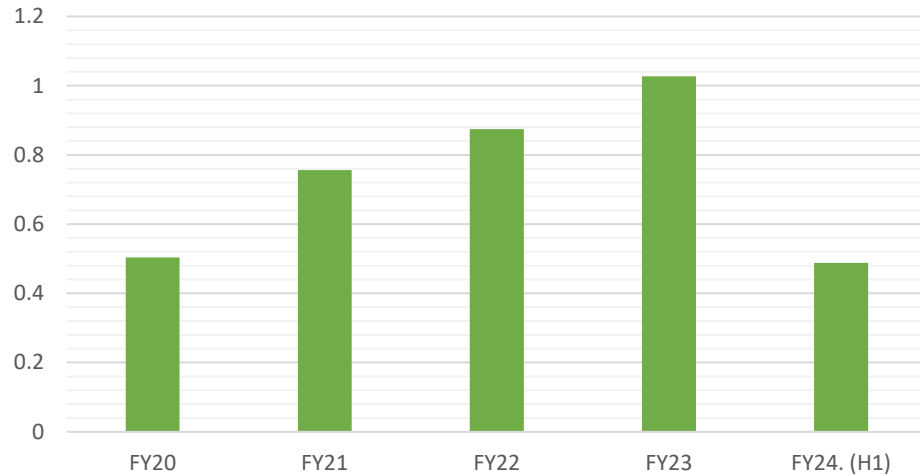
Research note refers to Broker research published by Allenby Capital

5. Bridgestone iTrack - Royalty Income

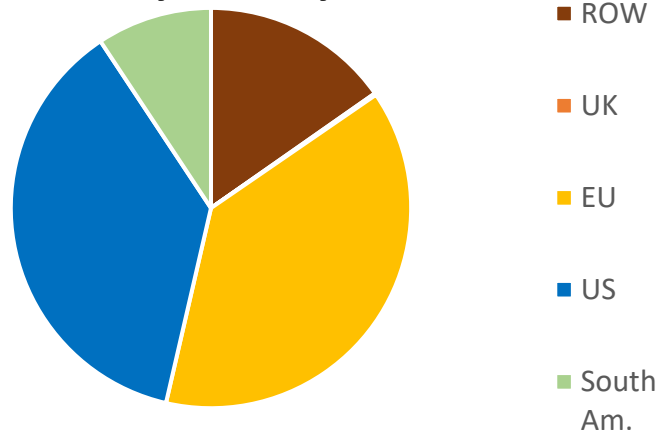


Ryan Maughan
Business Development Director

Translogik Revenues (£m)



Revenue by Territory



- Translogik develops and supplies a range of smart, connected tyre inspection and management tools
- Integrates with customers enterprise management software. Enabling fast, accurate measurement and capture of tyre tread depth, pressure, TPMS & RFID tag data
- Used by commercial vehicle tyre suppliers, vehicle fleet operators & service centres for tyre inspection and management
- Reducing operating costs and fleet downtime, improving vehicle safety and providing a compliance audit trail
- Sales are almost entirely export, to long standing customers including; Bridgestone, Goodyear, Prometheon (Pirelli), Continental as well as a number of tyre dealer or fleet management software developers
- H1 Revenue similar to last years (FY23) H1 which was a record for the business

Investing for growth:

- Plan developed in '23 to grow the business, Jan '24 saw significant new hires start
- Marketing Executive shared 50/50 with SAW
- New Sales Director focused 100% on Translogik

Key Business Development Objectives:

- Build on existing relationships with major global tyre industry customers
- Develop new opportunities with:
 - Tyre manufacturers inc. re-tread providers
 - Tyre dealers and vehicle service centres
 - Software developers for tyre dealers and vehicle maintenance management
 - Direct fleet sales working with software partners

Progress so far, new relationships with:

- 2 major UK tyre dealer groups
- 5 tyre and maintenance software providers
- 2 major UK commercial vehicle fleets
- 2 new major tyre manufacturers





Ryan Maughan
Business Development Director

Significant Hits:

- Continued overall pipeline growth, engagement with new potential customers in key focus markets, moving projects through pipeline
- Expanding relationship with GE increased activity within T901 project and developing new opportunities outside of T901 project
- Continuing to investigate joint commercial opportunities with Parker Meggitt in Aerospace
- New contracted business for technical feasibility projects with small aero engine manufacturer and robotics drive systems Tier 1
- Continuing technical programs with:
 - Novares (Electric motor temperature)
 - Confidential Auto Tier 1 (Electric Motor torque)
 - Confidential Aero Tier 1 (Flight control systems torque)

Significant Misses:

- YTD revenue behind target, mainly due to slippage in key motorsport series powertrain upgrade programme
- Some new opportunities are defence related, requiring lengthy security clearance processes








Planned Activity For H2

- Increase marcomms activity to drive inbound enquiries (new marketing exec)
- Close out opportunities in planning stage (1a) to contracted business (2), progress opportunities in (1b) to quote/proposal
- Begin to publish results from electric motor research activity once IP is secure



- Transense strategic partner for motorsport applications, McLaren Applied (MA), is aiming for high growth in its telemetry and sensing business
- SAW technology has proven to be more accurate and reliable with a lower overall lifecycle cost than other technologies
- MA continues to work with existing customers and is developing new opportunities:
 - Used in one major series, blanket adoption on all vehicles on engine/clutch shaft
 - Adopted by 3 teams in another major international motorsport series
 - Under-evaluation by 3 major championships for blanket adoption in more than one powertrain location
- All opportunities leading to recurring annual demands
- H1 revenue behind forecast due to delayed orders from major series, adoption of new power unit is delayed (not connected to Transense or McLaren) which has had a knock-on impact on demand for sensor systems
- Overall medium-term view is positive with growth forecast

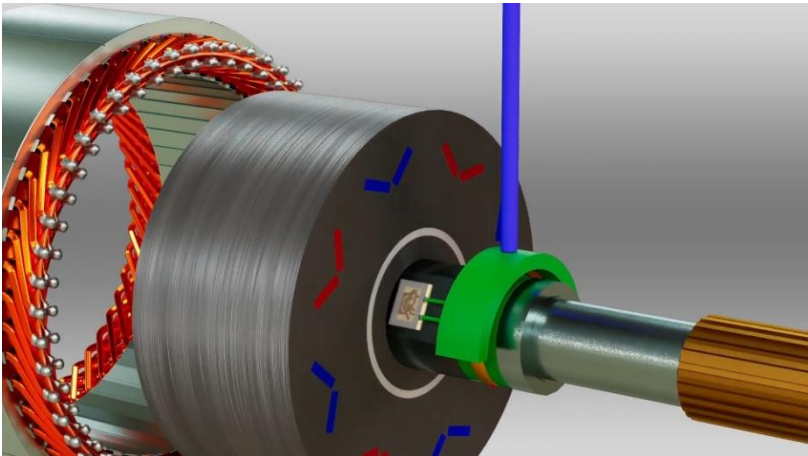
Gaining Commercial Traction in Aerospace

2020	2023	2024	2028+
 GE Aerospace	 GE Aerospace  + 1 x confidential aerospace Tier 1	 GE Aerospace  + 1 confidential aerospace Tier 1	 GE Aerospace  + Contracted business with 4-5 additional aerospace customers
	+ 7 Additional opportunities	+ 11 Additional opportunities	+ Additional opportunities

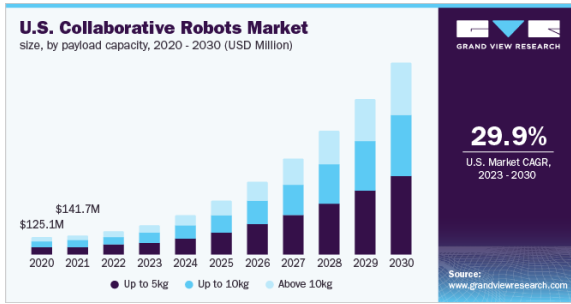
Potential SAW Sensing Applications in Aerospace

	Engine Torque	Helicopter Tail Rotor Torque	Flight Surface Actuator Torque	Landing Gear Brake Torque	Landing Gear Brake Temp
Helicopter	✓	✓	X		
Turboprop Fixed Wing*	✓		✓	✓	✓
Jet/Turbofan Fixed Wing			X	X	X
eVTOL	X		X		

✓ = Transense contracted or in advanced discussion with Aerospace Tier 1 or OEM



- EV market characterised by rapid growth and fierce competition, hence system performance, efficiency and cost are key to success
- Motor torque and rotor temperature not measured in production motors due to the limitations of other sensing technologies
- SAW enables torque and/or rotor temperature to be used for enhanced motor control
- Potential to unlock significant improvements in motor performance, efficiency and functional safety
- Benefits proven in technical simulation work with external consultancy Drive System Design (DSD), Progressing to physical test rig activity
- Patent application in progress
- On contract with 2 Tier 1 suppliers for SAW sensing evaluations
- 22 additional active opportunities in eDrives
- Planning to start publishing simulation results in April '24



- Robotics sector undergoing rapid market growth
- Torque sensor technology widely used by leading robot manufacturers to improve control and safety
- Typically using strain-gauge or displacement sensors
- SAW technology allows improved joint and sensor designs
- Increases robot load capacity, speed, productivity and performance
- Successfully produced and tested robot joint torque sensing system
- Secured first order from major global robotics drive systems manufacturer to commence SAW torque sensor evaluation project
- Opportunities with 1 robot manufacturer and 1 further robot drive system manufacturer



FINANCIAL SUMMARY

Melvyn Segal – Chief Financial Officer



	FY 24 H1	FY 23 H1	Change	FY 23
Revenue	£1.81m	£1.64m	Up 10% On prior period	£3.53m
Profit Before Taxation	£0.63m	£0.26m	Up x 2.4 On prior period	£0.87m
Earnings Per Share	4.32p	2.50p	Up 73% On prior period	8.81p
Cash & Equivalents	£1.31m*	£0.63m	Up £0.33m Since 30 June 2023	£0.98m
Shares in Treasury	£0.77m**	£0.45m	Up £0.06m Since 30 June 2023	£0.71m
Distributable Reserves	£2.80m	£1.45m	Up £0.60m Since 30 June 2023	£2.20m

* Cash balance subsequently increased to £1.91m at 31 January 2024. ** Increased to £0.89m post 31 December 2023.

	FY 24 H1	FY 23 H1	Change	FY 23
Revenue	£1.80m	£1.64m	Up 10%	£3.53m
iTrack	£1.23m	£0.98m	Up 26%	£2.01m
Translogik	£0.49m	£0.52m	Down 6%	£1.03m
SAW	£0.08m	£0.14m	Down 43%	£0.49m
Profit Before Taxation	£0.63m	£0.26m	Up x 2.4	£1.09m
iTrack	£1.21m	£0.95m	Up 27%	£1.97m
Translogik	£0.19m	£0.22m	Down 10%	£0.42m
SAW	£(0.38m)	£(0.48m)	(Reduced by 21%)	£(0.55m)
Central Overheads	£(0.40m)	£(0.44m)	(Reduced by 9%)	£(0.75m)

Cash Flow statement	FY24 H1 £m	FY23 H1 £m	FY 23 £m
Net profit after tax	0.67	0.40	1.52
Adjustment for non-cash items	0.12	0.02	(0.34)
Working capital movements	(0.11)	(0.59)	(0.53)
Operating cash flow	0.68	(0.17)	0.65
Taxation	-	-	-
Capex	(0.26)	(0.07)	(0.26)
Cash flow before financing	0.42	(0.24)	0.39
Share buybacks	(0.07)	(0.15)	(0.41)
Other	(0.02)	(0.04)	(0.00)
Net cash inflow/(outflow)	0.33	(0.43)	(0.08)

Highlights

Operating cash conversion of 108%

Tax losses c/f of c. £22m

Strong overall cash generation

Board expectations weighted to H2

Visibility of short term revenue:

- **Well established & predictable for Bridgestone iTrack royalty**
- **New channel opportunities expected to give greater clarity at Translogik**
- **SAWsense visibility still constrained by lack of scale and early-stage adoption by major corporates, but concentration risk will improve**

Board increasing investment in overhead to resource multiple new opportunities in strengthening pipelines

Modest reduction in short term profit expectations

Increasingly well positioned to deliver mid-to long term strategic value

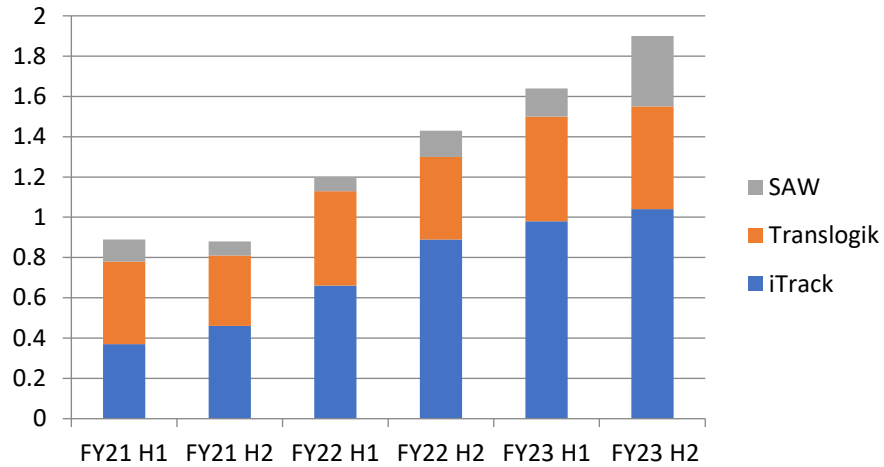




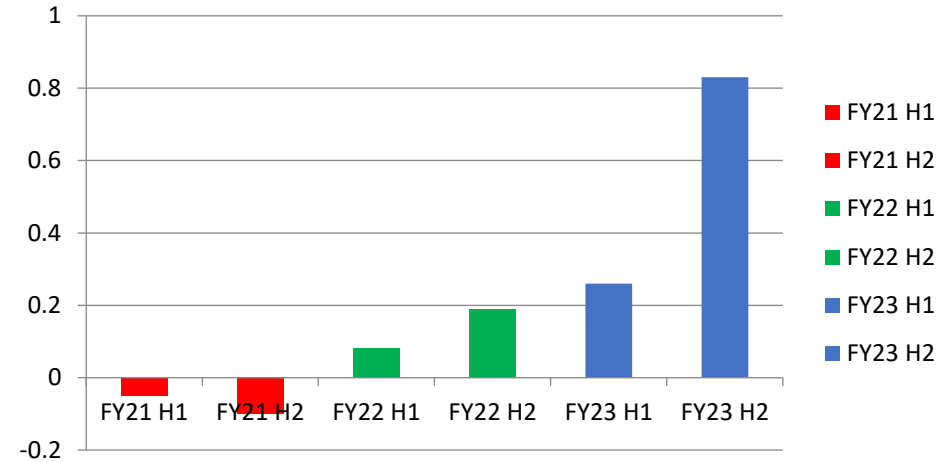
QUESTIONS?



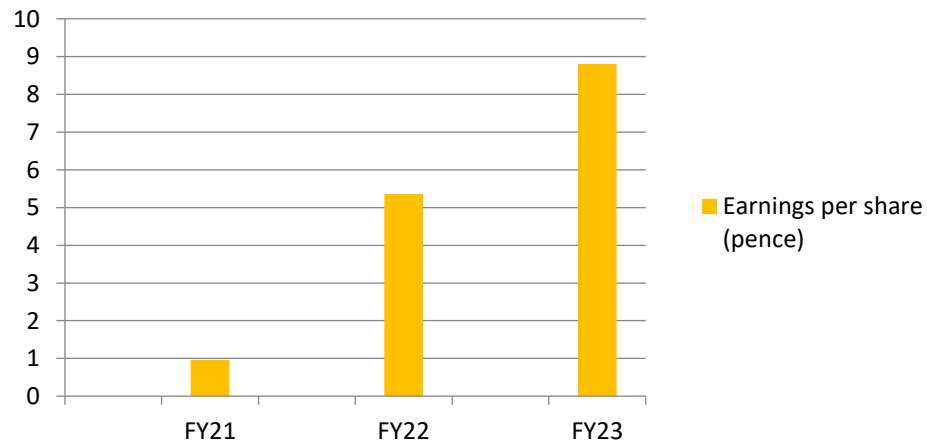
Revenue by segment (£m)



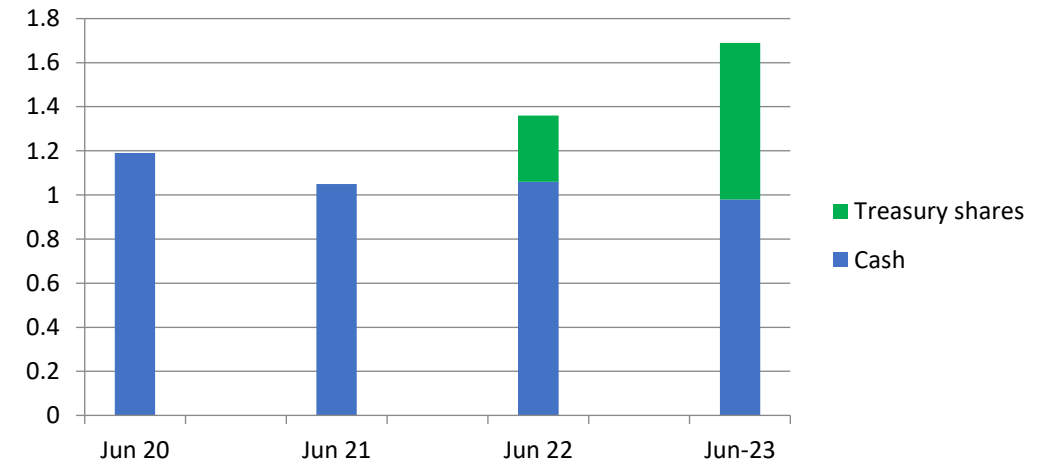
Net PBT (£m)



Earnings per share (pence)



Cash/Treasury Shares (£m)



Financial Position			
	FY24 H1	FY23 H1	FY23
	£m	£m	£m
Non Current Assets	2.24	1.59	2.06
Current Assets			
Cash	1.31	0.63	0.98
Other	1.57	1.61	1.52
	2.88	2.24	2.50
Current Liabilities	0.27	0.42	0.37
Lease Liabilities	-	0.01	-
Net Assets	4.85	3.40	4.19
Capital and Reserves			
Share Capital	1.64	1.64	1.64
Share Premium/SBP	0.41	0.30	0.35
Treasury Shares	0.77	0.45	0.70
Accumulated Reserves	3.57	1.91	2.90
Shareholder's funds	4.85	3.40	4.19

Highlights

Net assets per share 30p (H1 FY23: 21p)

Net cash of £1.31m (30 June FY23: 0.98m)

Q2 Royalty received in Jan 2024 £0.62m (FY23: £0.47m)

Treasury shares £0.77m (FY23: £0.70m)

Distributable reserves £2.80m (FY23: 2.20m)

No of potential customers engaged* as at Feb 2024 Brackets = (Feb 2023) for comparison	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)
4a License granted	1 (1)				1 (1)
4b Niche volume production				1 (1)	1 (1)
Stage 3 - Contract under negotiaion	1 (1)	0 (0)	0 (0)	0 (0)	1 (1)
3a License under negotiation	1 (1)				1 (1)
3b Niche production under negotiation					
Stage 2 - In development	2 (3)	2 (1)	0(1)	0 (0)	4 (4)
2a - Process and/or production under validation	0 (1)				1 (1)
2b - Technical development, prototype, test	1 (2)	2 (1)	1 (1)	1 (0)	5(4)
2c - Commercial evaluation underway					
Stage 1 - Active enquiry	11 (6)	22(17)	14 (10)	2 (0)	49(33)
1a - Development project in planning	3 (1)	0 (2)	1 (2)	0(0)	4 (5)
1b - Information exchange	8(5)	22 (15)	13 (8)	2 (0)	45 (28)
Total	15 (10)	24 (18)	15 (11)	4 (1)	58 (40)

- Pipeline is maturing as opportunities progress
- Focus on closing out opportunities in planning stage (1a) to contracted business (2) to increase NRE revenue
- Continue to progress running development projects with existing customers, aiming to move from technical feasibility to full development programs
- Develop relationships and opportunities with GE and McLaren to increase revenue (from stage 4)

C. SAWsense PIPELINE

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