Strategic Update

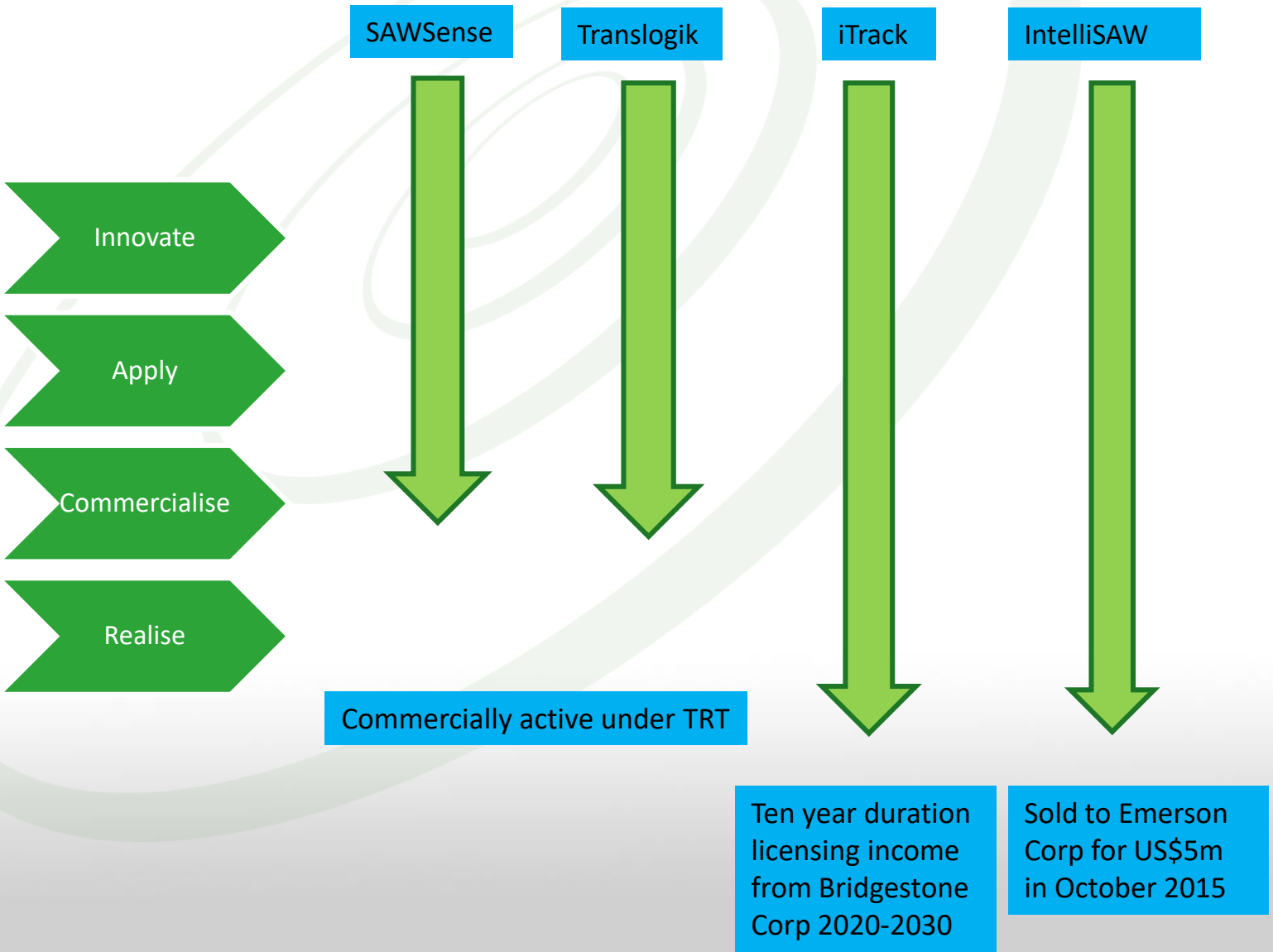
transense technologies plc

July 2020

translogik
www.trans-logik.com

SAW sense

Strategy Implementation



iTrack – 24 June 2020 transaction explained

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- iTrack technology licensed to Bridgestone subsidiary
  - Ten year worldwide exclusive licence for all Off The Road applications
  - Variable rates depending on wheel rim size and timing
  - Option to purchase after ten years for nominal sum

- iTrack business and assets transferred to ATMS Technology Ltd
  - New company formed to run iTrack operations
  - Wholly owned by Bridgestone Corporation
  - David Ford appointed CEO
  - Senior management (incl. Graham Storey) transferred from Translogik
  - Transense represented on board by Nigel Rogers
  - Pays quarterly royalty income to Transense based on units deployed
  - Initial royalty approximately £0.15m per quarter based on current units

- Bridgestone profile
  - World leading tyre manufacturer (US$24bn global revenues)
  - Major provider of OTR tyres for large mine haul trucks
  - Offer access to global major mine owners & operators

Financial implications – immediate benefits

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Pro-forma cash post Bridgestone deal of £1.3m

Monthly P&L effect £000's	Pre-deal	Post deal
Subscription income	140	-
Royalty income	-	50
Overheads	(220)	-
Contribution to EBIT	(80)	50

Monthly net benefit to P&L of £0.13m from day 1

De-risks Group - improves growth prospects & earnings visibility

Financial implications – growth prospects

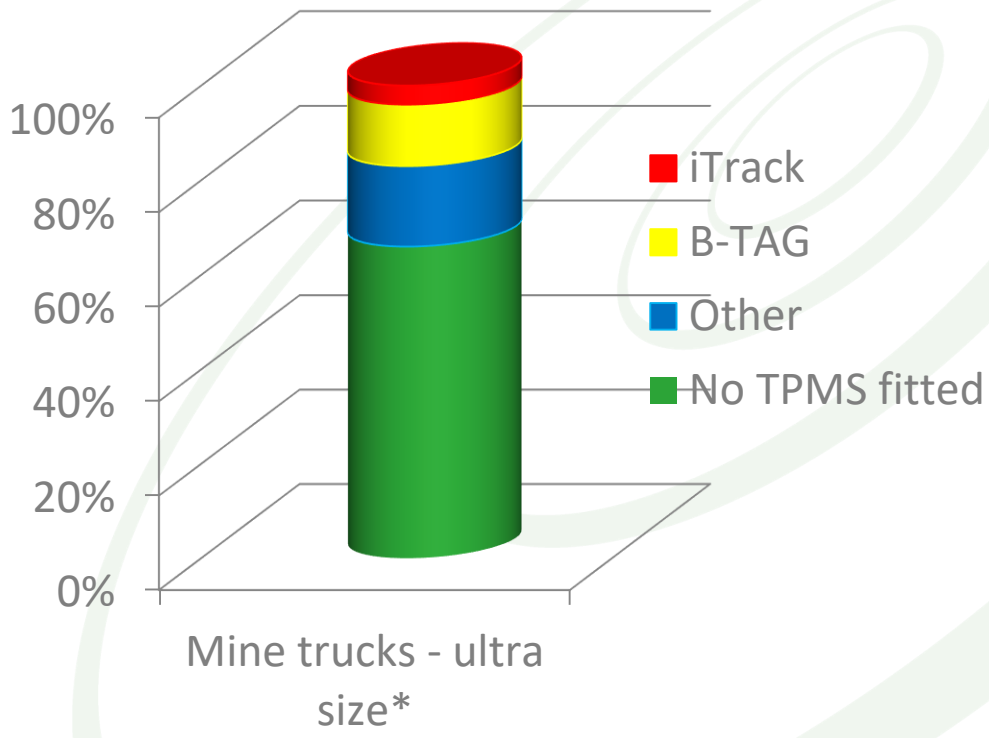

Chart shows TPMS market share on Ultra size mine haul trucks

Ultras = 25% of total mine haul trucks by number

Ultras = 35% of potential TPMS market by value

* Source: Parker Bay Mining research (market size), TRT estimates of market share

Financial implications – market estimates

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Research and market estimates for FY21-FY23 are available to registered users. Go to https://transense.com and follow links to Investors then Equity Research to register

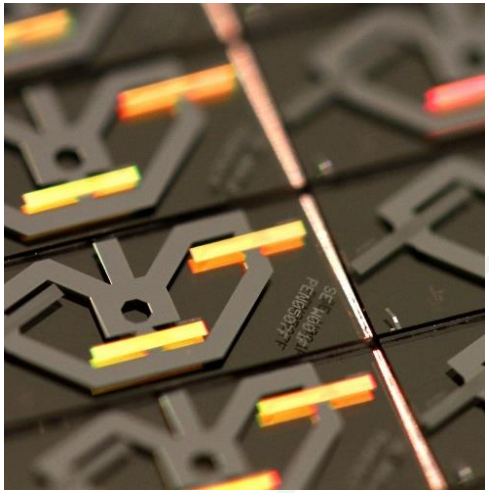
Transense Technologies plc

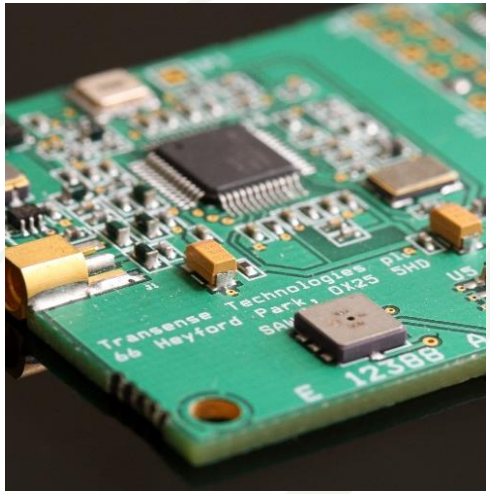
Provider of specialist sensor systems

- Surface Acoustic Wave (SAW) technology
- Range of tyre inspection tools

SAWSense

Surface Acoustic Wave (SAW) sensing





- Batteryless & wireless sensing
- Rotating shaft, hazardous environments
- Used to measure torque, temperature, pressure, strain and other variables

- Applications include:
  - Aviation
  - Automotive
  - Industrial
  - Marine

SAWSense – Highlights

- Management – Nick Hopkins appointed MD SAWSense – commercial experience in electronic sensors (incl. SAW), with previous military background in helicopter operations
- GE Aviation – Technical transfer and support ongoing on ITEP project for US Army helicopter engine replacement
- McLaren – Specialist torque sensors on Indycar drive train. Other applications under consideration
- Lloyds Register – Joint project with University of Southampton for remote LNG tank monitoring progressing
- Other project opportunities - including aviation, marine, automotive, turbine and energy

Translogik

Tyre management solutions for off-the-road (OTR) and commercial vehicles

TDP Deluxe Kit OEM

The Translogik range of tire inspecton probes provides the ultimate hardware solution for electronic data capture. The TDP Deluxe kit OEM includes a probe, tyre adaptor hose, charger and SDK in a tough carry case.

KEY FEATURES

- Tread depth 0-30mm
- Pressure Measurement
- Quick battery status indicator
- Bluetooth compatible
- Battery Monitor
- GEA MOT Approved
- SDK Available

Bluetooth
iOS
GEA

PRODUCT SPECIFICATION

GENERAL

Weight:	280g (Without adapter)
Operation Cycle:	16 hours typical
Re-Charge Cycle:	6 hours max
Battery:	3.6V NimH Rechargeable
Operating Temp:	-10 to +40C
Communication:	Class 1 Bluetooth V2.0/V2.1 BLE - V4.0 Dual Mode
Wireless Range:	20m in free air

TIRE TREAD DEPTH PROBE

Measurement range:	0-30mm
Accuracy:	+/- 0.1mm
Operations:	200,000+
Depth Probe Force:	50N Max
Measurement Modes:	Data, mm, inches

TIRE PRESSURE PORT

Measurement Range:	10-150 PSI
Accuracy:	+/-3%
Operations:	1,000,000 +
Measurement Modes:	Data,PSI, BAR

ABOUT

Our OEM kits provide all the hardware required to allow Value Added Resellers and system integrators to incorporte the Translogik tire inspection probe into their own tire management solutions.

The TL-G1 probe has a lighter spring operation and measures up to 30mm of tread, using a superior processor with double the memory which allows new features to be included such as a quick press battery status monitor and "One Click" inspection technology. Additionally, higher capacity batteries and improved battery management means that the battery life is now up to 16 hours.

Correctly inflated tires last longer, improve fuel consumption, are less likely to fail and require less maintenance, reducing vehicle downtime and improving productivity - saving you time and money.

*IOS Compatible (not fitted as standard, advise if required).
** Approved for use in MOT bays (advise if required).

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- Tread depth, pressure, RFID and TPMS sensor reader
- Reduced inspection time = improved site productivity
- Electronic data capture
- IOS and Android compatible
- Adopted by major tyre manufacturers, including Bridgestone, Goodyear, & Continental
- New range launch imminent with more advanced features at the top end

Summary & Outlook

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- Company is de-risked and in a strong financial position
- iTrack royalty - prospects for growth over ten year term
- SAW under fresh management and new focus
- Opportunities in both SAW and Translogik
- Mindful of Covid-19 risks, but no significant short term impact
- Final results in October, expected to be in line

Appendix

Board & management

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Nigel Rogers, 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.

Melvyn Segal, Chief Financial Officer 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.

Nick Hopkins , Managing Director, SAWSense: Commissioned Officer in Royal Engineers, later transferring to Army Air Corps in operational command of Lynx & Gazelle helicopter squadron. Appointed Commercial Director of Sensor Technology Ltd in 2002, returning to operational service between 2009 & 2014 in planning, training & industrial supply interface. Appointed MD of South Midlands Communications Ltd in 2015, then operated an independent consultancy business until recently.

Major shareholders

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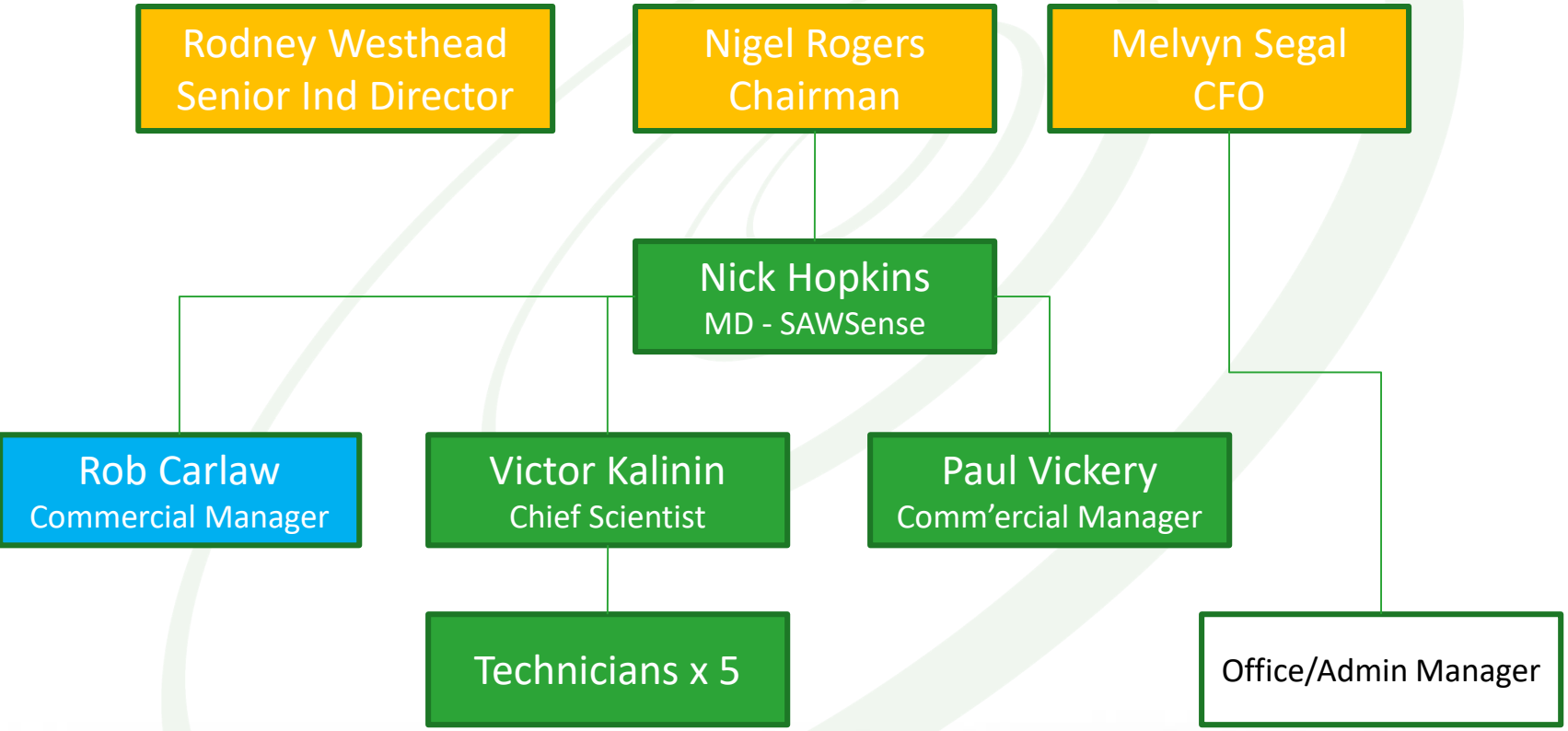
>3% as at 25 May 2020	% of total
CriSeren	9.40%
Seneca	7.67%
P Lobbenberg	5.94%
Spreadex	5.09%
WB Nominees	4.95%
Legal & General	3.31%
Harwood Capital LLP	3.07%
Gerald Oury	3.03%

Directors	9 July 2020 (%)	25 May 2020 (%)
Nigel Rogers	0.67%	0.49%
Melvyn Segal	0.19%	0.14%
Rodney Westhead	0.07%	0.03%

Organisation chart



Board

SAW

Translogik

Total headcount = 13 people

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.