

# TRANSENSE TECHNOLOGIES

FINAL RESULTS FY20

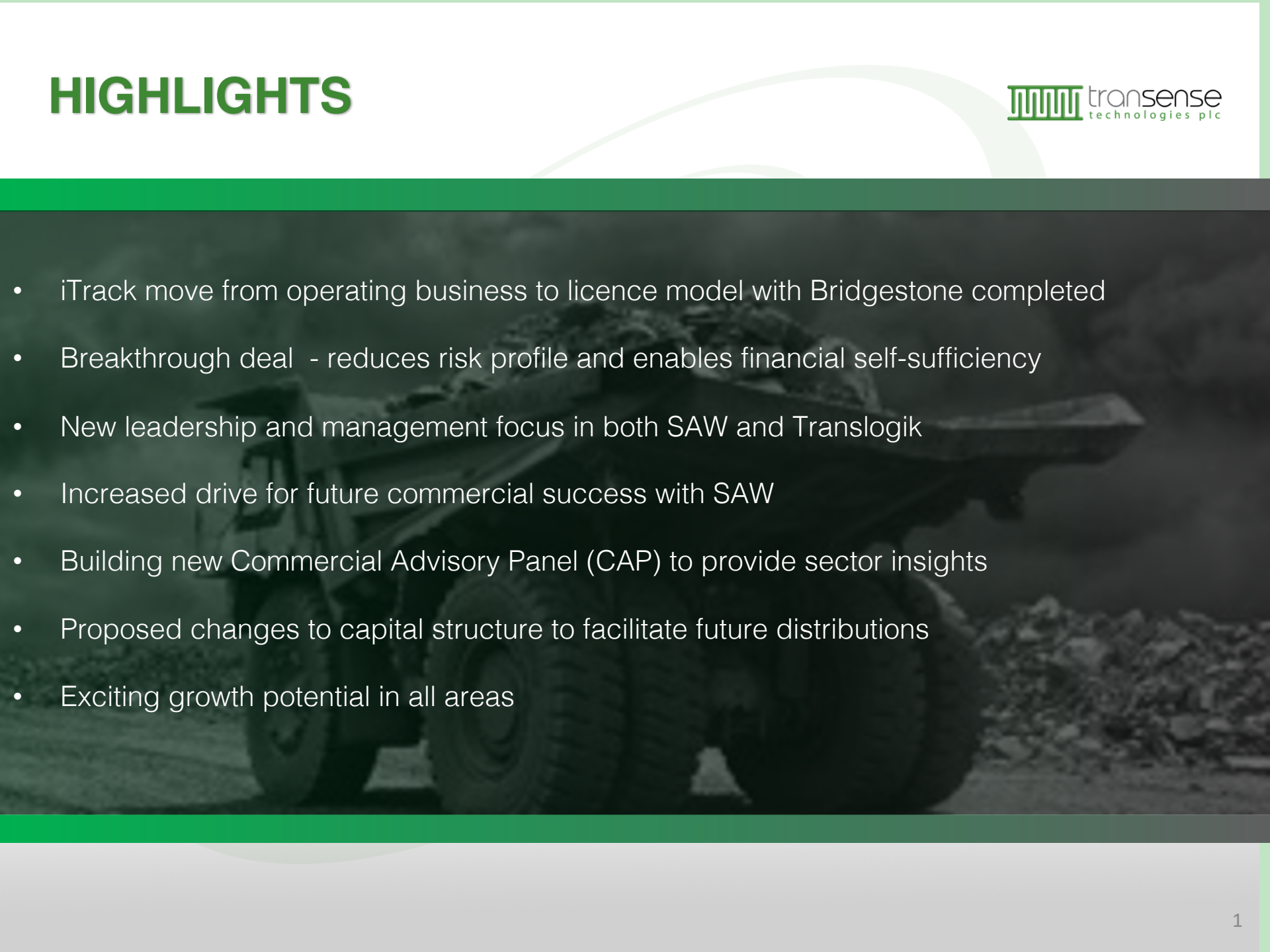


translogik  
www.trans-logik.com

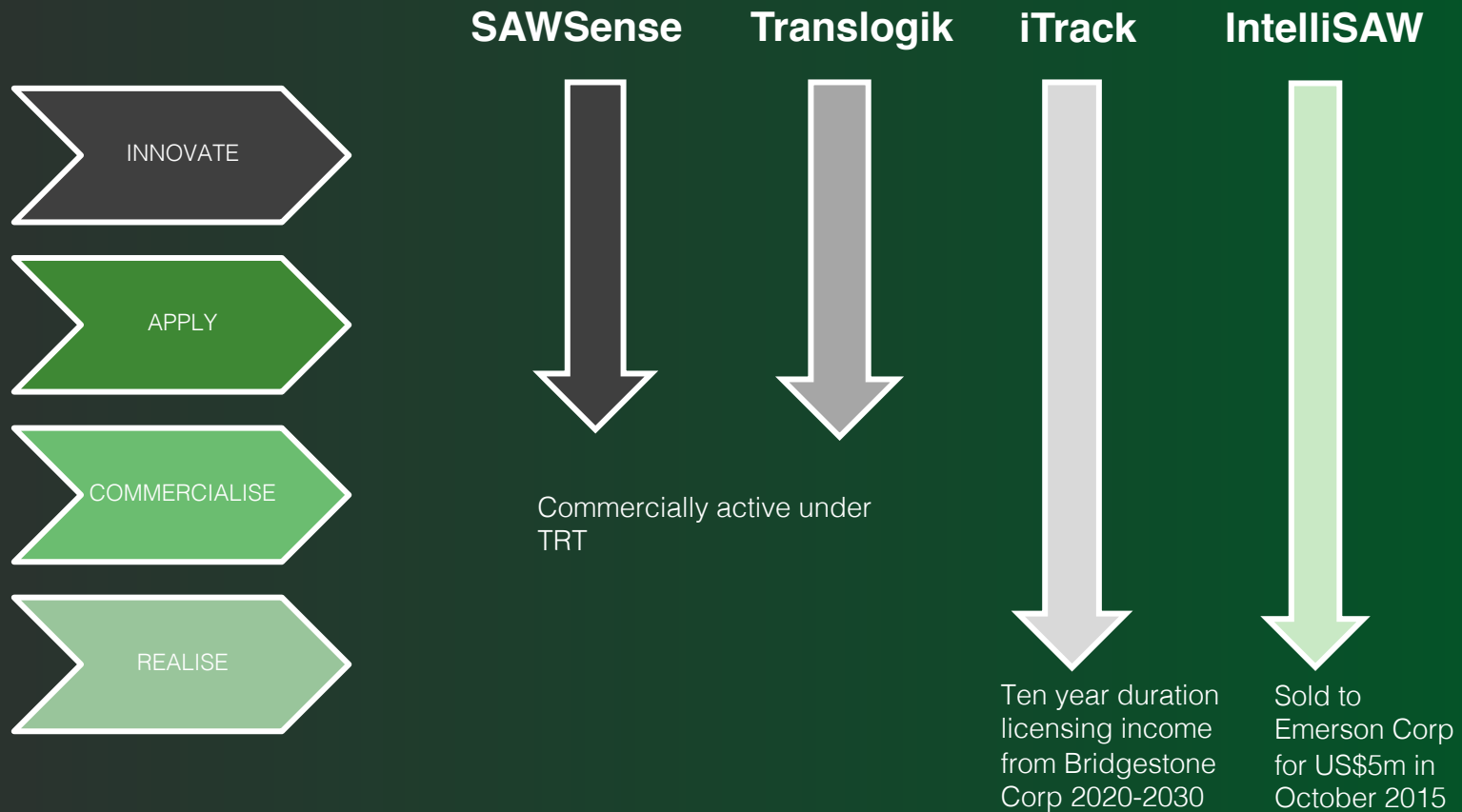
transense

transense  
technologies plc

# HIGHLIGHTS

- 
- A dark, atmospheric photograph of a large mining truck, possibly a haul truck, in a dimly lit environment, likely a mine. The truck is positioned in the center-left of the frame, with its large tires and heavy-duty body visible. The background is dark and textured, suggesting a rocky or mineral-rich environment. The overall tone is industrial and somewhat somber, with a green color overlay that matches the company branding.
- iTrack move from operating business to licence model with Bridgestone completed
  - Breakthrough deal - reduces risk profile and enables financial self-sufficiency
  - New leadership and management focus in both SAW and Translogik
  - Increased drive for future commercial success with SAW
  - Building new Commercial Advisory Panel (CAP) to provide sector insights
  - Proposed changes to capital structure to facilitate future distributions
  - Exciting growth potential in all areas

# STRATEGY RECAP





## Surface Acoustic Wave (SAW) technology

- Measures torque, pressure, temperature, strain and/or thrust
- Wireless, and no battery source
- Real-time accuracy for control, output and efficiency



## Industry standard tyre inspection tools

- Rapid and accurate reading of tread depth, pressure, RFID & TPMS data
- Used for car, commercial truck & bus
- Bluetooth data transfer to tyre management systems



# FINANCIAL HIGHLIGHTS FY20

- FY20 Revenues from continuing operations in line at £0.60m (2019: £0.60m)
- FY20 EBITDA loss reduced to £0.68m (2019: loss of £0.70m)
- FY20 Net loss after taxation from continuing operations of £1.09m (2019: £0.84m)
- Cash used in operations £1.85m (2019: 0.69m)
- All iTrack Group related assets transferred to ATMS on 24 June 2020
- Year end cash and cash equivalents of £1.19m (2019: £2.65m)

# ITRACK TRANSACTION SUMMARY

- Transaction signed in June 2020 and completed in September 2020

- Deal financial summary:

Deal Summary	£m	\$m
Receipt for net assets	2.56	3.26
Loan repaid	(1.52)	(1.95)
<b>Net monies in</b>	<b>1.04</b>	<b>1.31</b>
Deal Costs	(0.20)	
<b>Net proceeds</b>	<b>0.84</b>	

*“The iTrack acquisition helps move Bridgestone closer to its goal of becoming a leader in sustainable and advanced mobility solutions. Bridgestone recognised that iTrack held a leading position in the market as a best-in-class mining tire management platform. The addition of the iTrack business to our solutions portfolio strengthens Bridgestone’s ability to serve our OTR customers by delivering insights and information that will enhance their operations.”*

Brian Goldstine, president, mobility solutions and fleet management,  
Bridgestone Americas Inc., Modern Tire Dealer, 17 July 2020

- FY20 Balance Sheet adjusted for Bridgestone deal:

Statement of Financial Position	2020	2019
	£Millions	£Millions
<b>Non Current Assets</b>	1.14	1.47
<b>Cash</b>	1.19	2.65
<b>Debtors &amp; prepaid</b>	0.67	1.35
<b>Bridgestone Deal</b>	0.26	-
<b>Current Liabilities</b>	0.84	0.72
<b>Lease Liability</b>	0.24	-
<b>Net assets</b>	<b>2.18</b>	<b>4.75</b>

- New iTrack royalty income starts July 2020 at the initial rate of £0.60m per annum and growing

# ITRACK ROYALTY – GROWTH PROSPECTS

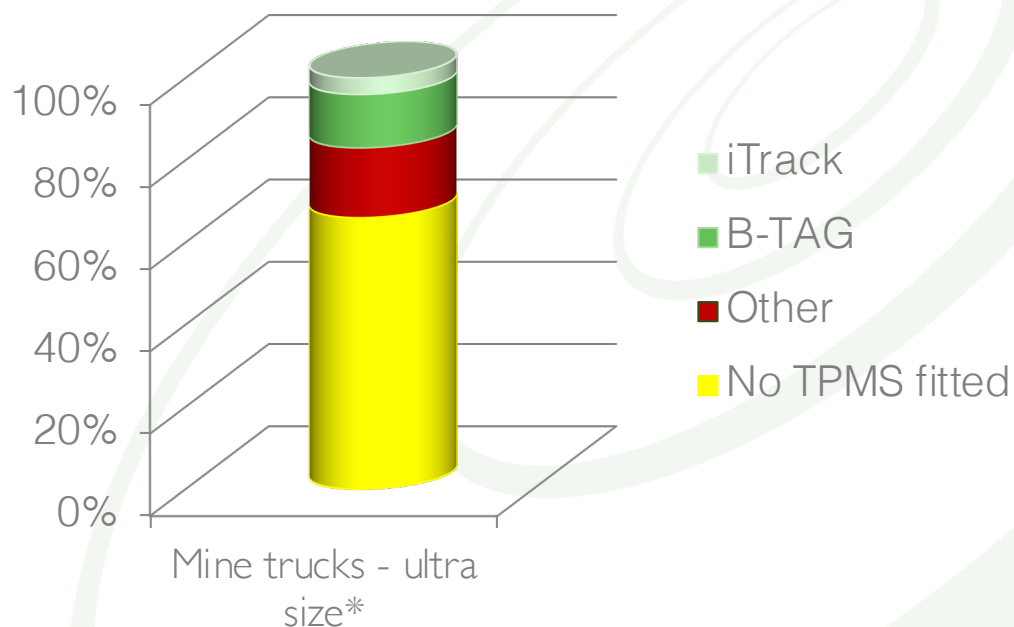


Chart shows TPMS market share on Ultra size mine haul trucks

Ultras = 25% of total mine haul trucks by number

Ultras = 35% of potential TPMS market by value

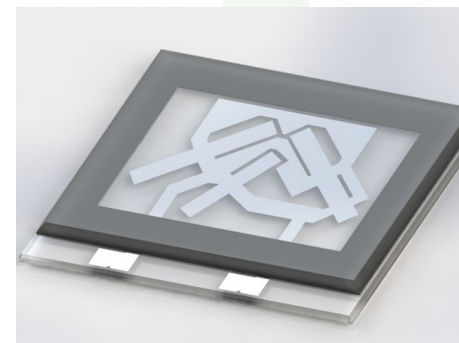
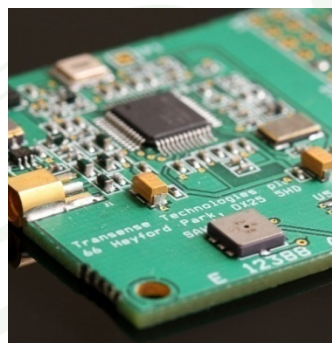
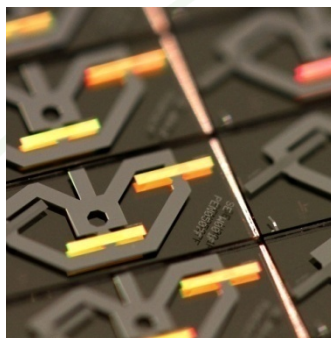
\* Source: Parker Bay Mining research (market size), TRT estimates of market share

# SAW TECHNOLOGY RECAP

Surface Acoustic Wave (SAW) sensing

FY20 income £0.21m

FY20 EBIT – (£0.58m)



Measures strain, pressure, torque, thrust and temperature using Surface Acoustic Wave (SAW) resonators.

SAW resonators are compact and rugged, and can be interrogated on a real-time basis, wirelessly and without need for a local power source.

Unique benefits in applications where real time values for torque, thrust and/or strain measurements can be fed back to control systems, and used to optimise output performance, reduce emissions or unnecessary intervention for regular maintenance checks.

Can be used to improve efficiency in delivery of power, hence offers potential for enhanced sustainability.

Protected by multiple patents and supplemented by extensive applications and know-how which is has a low risk of replication by others.

Has undergone rigorous testing under the GE ITEP program for use in the upgraded replacement gas turbine engines to be used in the US Army Black Hawk and Apache helicopters

Continue to develop enhanced electronic reader features and software, alternative resonant sensing elements, and additional capabilities in mechanical design, manufacturing, calibration and test.

# SAW – STRATEGIC PLAN

“Transense identifies innovative methods to apply SAW-based sensor technology and transfer its know-how to major corporate partners in targeted industry sectors

We will seek to strengthen the presence of our technology in a broader range of applications

This will be achieved through actively marketing the provision of technical, engineering consultancy and prototyping services and commercialised by establishing licensees, joint ventures and strategic alliances with the support of a secure supply chain”

“Our vision is to be recognised as the No.1 choice for SAW-based patented technology sensor solutions in the world

Our objective is to achieve scale by forming one or more strategic alliance(s) to penetrate high value market sector(s)

We will support production feasibility by customers, partners &/or licensees”

Source – Transense SAW business plan 2020-2025

# SAW – STRATEGIC PLAN

Target sectors for commercial development

- Motorsport (“proving ground”)
- Aerospace /avionics (by expansion from ITEP to other programs)
- Electronic Power Assisted Steering (EPAS)\*
- Automotive driveline\*, especially EV and hybrid
- Industrial turbines & hydrodynamic couplings
- Green energy, especially wind & wave turbine
- Marine engines & LNG storage

\* With primary focus on OTR, ATV sport & recreational, Agricultural & construction, and Autonomous vehicles

Supported by formation of Commercial Advisory Panel  
Drawn from network of industry sector & applications specialists



FY20 income £0.51m

FY20 EBIT – £0.13m

With decades of experience in the automotive industries, Translogik is a leading supplier of hardware and technology to the biggest names in the business, thanks to a reputation built on long lasting, highly accurate tools such as the TL-G1 developed specifically for use in the field.

- The Probe business was acquired in 2009 and has made a regular positive contribution to overheads.
- The Probe is aligned with the Tyre Monitoring Systems (TMS) of all the major tyre OEM's.
- The adoption of more intelligent tyres has led to the introduction of the new modular TLGX range which was launched this year with four different configurations.
- The Generation 1 Tyre Probe still remains very popular and is integrated by many of the major tyre suppliers for use in their own Tyre Management Systems.

# POST YEAR END HIGHLIGHTS

- Mindful of Covid-19 risks, but no significant short-term impact
- iTrack royalty income already showing growth from base of £50k/month
- Set up of SAW Commercial Advisory Panel
- Probe income experiencing more growth
- Break even in Q1 FY21 v £0.6m loss FY20 and future profitability now visible
- Next trading update due at AGM in December

# OUTLOOK

- 
- 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 commercial focus
  - Opportunities in both SAW and Translogik
  - Proposal at AGM to change capital structure to facilitate future distributions
  - Demonstrate clear plans and confidence in future success



# **APPENDICES**

# The Transense Team at Weston on the Green



# SUMMARY

## Statement of comprehensive income

	2020		2019
	£Millions		£Millions
<b>Continuing Operations</b>			
<b>Revenues</b>	<b>0.60</b>		<b>0.60</b>
Cost of Sales	0.27		0.22
Gross Profit	0.33		0.38
Administrative Expenses	1.70		1.58
<b>Operating Loss</b>	<b>1.37</b>		<b>1.20</b>
Other Income	0.12		0.08
Interest	0.01		-
Taxation	0.17		0.28
<b>Profit/(Loss) on Continuing Operations</b>	<b>1.09</b>		<b>0.84</b>
<b>Discontinued Operations</b>			
Loss from discontinued operations	1.45		0.62
<b>Profit/(Loss) for the year</b>	<b>2.54</b>		<b>1.46</b>

# SUMMARY

## Consolidated statement of cash flows

	2020	2019
	£Millions	£Millions
<b>Cash flow from operating activities</b>		
Loss for the period	2.54	1.46
Adjustments	0.97	0.50
<b>Operating Cash Flows before Working Capital Movement</b>	1.57	0.96
Movements in Working Capital	0.29	0.27
<b>Net Cash generated/used in operations</b>	1.86	0.69
<b>Cash flow from investing activities</b>		
Interest	-	-
Taxation Recovered/Paid		0.27
Capital Expenditure (Net of disposals)	0.50	0.86
	0.50	0.59
<b>Cash Flow from financing activities</b>		
Proceeds from issue of share capital	-	2.33
Loans received less repaid	0.97	-
Other	0.07	-
	0.90	2.33
<b>Net Decrease/Increase in cash</b>	1.46	1.05

# SUMMARY

## Statement of financial position

	2020	2019
	£Millions	£Millions
<b>Non Current Assets</b>	<b>1.14</b>	<b>1.47</b>
<b>Current Assets</b>		
Cash	1.19	2.65
Other	1.91	1.35
	<b>3.10</b>	<b>4.00</b>
<b>Current Liabilities</b>	<b>1.89</b>	<b>0.72</b>
<b>Lease Liabilities</b>	<b>0.17</b>	-
<b>Net Assets</b>	<b>2.18</b>	<b>4.75</b>
<b>Capital and Reserves</b>		
Share Capital	5.45	5.45
Share Premium/Translation Reserve/SBP	2.63	2.65
Accumulated Deficit	5.90	3.35
<b>Shareholder's funds</b>	<b>2.18</b>	<b>4.75</b>

# SHAREHOLDINGS

Significant shareholders	%
CriSeren	9.40%
Spreadex *	7.96%
Seneca	7.67%
P Lobbenberg	5.94%
WB Nominees	4.95%
Legal & General	3.31%
Harwood Capital LLP	3.13%
Gerald Oury	3.03%
<b>Total</b>	<b>45.38%</b>
Directors	%
N Rogers	0.74%
M Segal	0.21%
R Westhead	0.10%
<b>Total</b>	<b>1.05%</b>

*\* Includes 4.17% as financial instruments*

# BOARD & MANAGEMENT

**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.

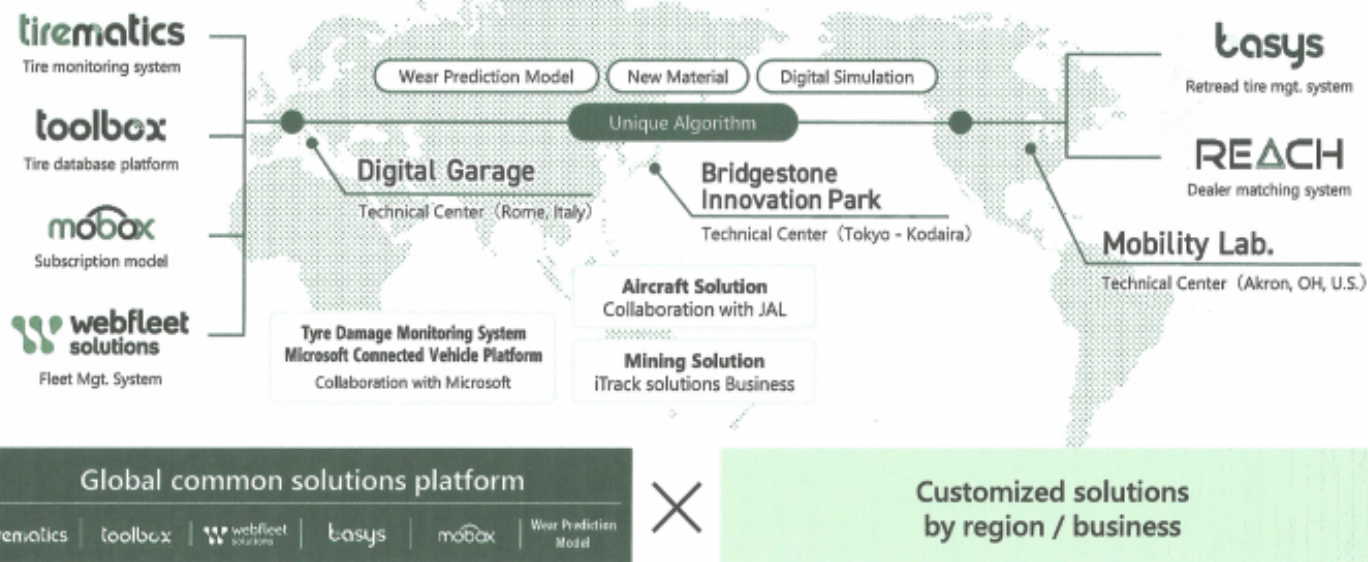
**Nick Hopkins , Managing Director, SAW:** Commissioned Officer in Royal Engineers, later transferring to Army Air Corps in operational command of Lynx & Gazelle helicopter squadron. Appointed Commercial Director of Sensor Technology Ltd in 2002, returning to operational service between 2009 & 2014 in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

# BRIDGESTONE STRATEGY UPDATE

## Growth Business

### Bridgestone's solutions business

Provide various solutions to society and customers,  
supported by structured sustainable solutions business model.



12/28

**BRIDGESTONE**

Extracts from slide deck, "Bridgestone Mid-Long Term Business Strategy Update, August 7, 2020 – see [www.bridgestone.com](http://www.bridgestone.com)

# BRIDGESTONE STRATEGY UPDATE

## Growth Business - Mining Solution Dan-Totsu new product



**Improve tire capability without sacrificing of other tire performance**

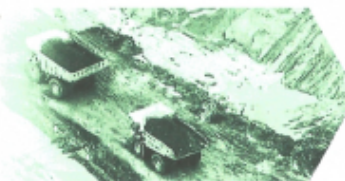
Able to customize the usage of tire according to Mine operation / Mine layout without changing tire



**Durability / Longer tire life** **114**  
**Vehicle speed** 100  
**Payload** 106

@Iron ore mine in Australia

or



**Vehicle speed** **105**  
**Durability / Longer tire life** 100  
**Payload** 100

@Gold mine in Mexico

or



**Payload** **112**  
**Durability / Longer tire life** 100  
**Vehicle speed** 100

@Copper mine in USA

\*Index based on BS Conventional tire performance as 100 (BS analysis)

**BRIDGESTONE**

# BRIDGESTONE STRATEGY UPDATE

## Growth Business - Mining Solution Digital platform

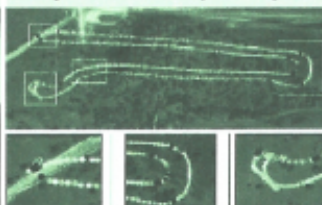
- Acquisition of **iTrack solutions business** owned by Transense Technologies (June 2020)
- Expansion of solutions business, adding 40 digital personnel as new teammates to collaborate for DX acceleration

- Expansion of internal pressure /heat monitoring system  
(= Real-time remote monitoring)
- Real-time collection/analysis of Fleet data (speed, location information)

Full-time operation monitoring



Layout/curve/slope analysis



Fleet operation efficiency analysis



Safe operation of fleets

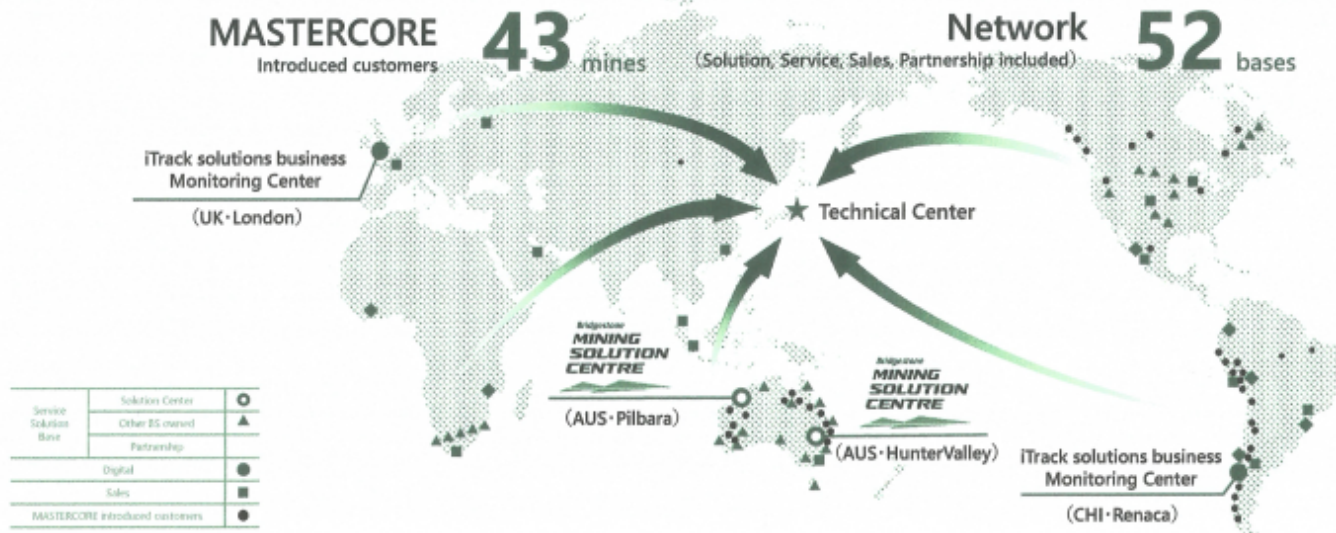
Full utilization  
of tire availability

Suggestion of  
optimal route/layout

Offer tailor-made service to each customer  
Connect Dan-Totsu product / network / service and develop BS unique solutions

# BRIDGESTONE STRATEGY UPDATE

## Growth Business - Mining solution Dan-Totsu network



Support Dan-Totsu solutions by Dan-Totsu product / service / network  
"Real" X "Digital" market intelligence to plug in Dan-Totsu product strategy and development

# TRANSENSE CORE TECHNOLOGY

## *What is Surface Acoustic Wave (SAW) sensing?*

Transense Technologies has developed two distinct sensors (one to measure torque and temperature, and 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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