

**13 March 2019**

**Transense Technologies plc**  
(“Transense”, the “Company” or the “Group”)  
**Interim results for six months ended 31 December 2018**

Transense Technologies plc (AIM: TRT), the provider of sensor systems for the transportation and industrial markets, reports the results for the six months ended 31 December 2018.

**Highlights:**

- In a transitional period for the Group, revenues were broadly in line with last year at £0.93m (Dec 2017: £1.07m)
- Subscription revenue up 63% to £0.44m (Dec 2017: £0.27m)
- Net loss after taxation for the period reduced to £0.78m (Dec 2017: £0.92m)
- Operating cash outflow before movements in working capital reduced by 46% to £0.39m (Dec 2017: £0.72m)
- Net cash at end of period of £0.84m (30 June 2018: £1.59m)
- Significant positive developments with customers post period end:
  - Licensee GE Aviation’s T901-GE-900 engine incorporating a Transense Surface Acoustic Wave (SAW) sensor selected by the U.S. Army, as announced 4 February 2019
  - Order for 50 iTrack II units for installation in mines in North America, with further sales to this customer anticipated, as announced 18 February 2019
- Equity fund raise of up to £2.555m, announced today 13 March 2019 to provide working capital to grow and develop Transense’s iTrack trade including the funding of further research and development which will drive the future growth in iTrack sales.

**Executive Chairman of Transense, David Ford, said:**

"The first half of the financial year was one of transition for the Company, with significant progress made with our SAW technology and iTrack II announced shortly after the period end.

"The benefits of our relationship with GE enjoyed a significant step forward with the announcement, post period end, that GE’s engine, incorporating our SAW sensor, had been selected by the US Army for the Engineering and Manufacturing Development (“EMD”) phase of the Improved Turbine Engine Program (“ITEP”), the U.S. Army’s endeavor to re-engine its Boeing AH-64 Apaches and Sikorsky UH-60 Black Hawks. As well as being a validation of our

technology and providing a recurring revenue stream, the selection of our sensors for use in a higher volume application demonstrates for the first time that they can be manufactured efficiently in industrial quantities.

“Important advancements were also made with the market traction of our iTrack II mining tyre monitoring systems. As well as entering a new South American market, the recent announcement of our first installations in North America represents a significant step forward. The North American customer is a major supplier to the mining marketplace, and we anticipate that revenues arising from the relationship with this customer will reach very substantial levels by the end of our next financial year.

“I believe that Transense has experienced a step change in recent months as our technology gains wide acceptance for the first time. Whilst this is not yet reflected in these reported financial results I believe the outlook for the Company is extremely encouraging.”

**For further information please visit [www.transense.co.uk](http://www.transense.co.uk) or contact:**

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### **About Transense Technologies**

Based in Oxfordshire, UK, Transense has developed patent-protected sensor systems and supporting technology for use in a variety of diverse high growth markets. The Directors believe that Transense's Surface Acoustic Wave (SAW), wireless, battery-less, sensor systems offer advantages over legacy wireless sensor systems. Transense is targeting the transport and mining industries, and the global torque, temperature and pressure sensing markets, via its trading divisions, Translogik and SAWSense.

Transense's shares are admitted to trading on AIM (AIM: TRT).

[www.transense.co.uk](http://www.transense.co.uk)

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

## **Transense Technologies plc**

### **Chairman's statement**

The business strategy of the Group 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.

During the financial year the Company has made significant progress with both SAW technology and iTrack II as shown by the post period end announcements.

### **Operational review**

#### **SAWSense**

SAWSense is a leader in the development of Surface Acoustic Wave ("SAW") wireless, battery-less, sensor systems that offer significant advantages over legacy systems in common use. The business continues to be involved in several live projects in conjunction with major global industrial companies.

In July 2016, SAWSense entered into a significant licensing agreement with General Electric Company ("GE") for the use of our patented, wireless, passive SAW technology in certain specific torque applications. In addition to the license fees received at the time of entering into the agreement, we are entitled to receive royalty payments from GE in respect of unit sales, and whilst this income stream will not be visible in the short term the potential income arising from this contract should see substantial royalties arising in the future.

The announcement post period end that GE Aviation's T901-GE-900 engine, incorporating a Transense SAW sensor, had been selected by the U.S. Army for the Engineering and Manufacturing Development ("EMD") phase of the Improved Turbine Engine Program ("ITEP"), the U.S. Army's endeavour to re-engine its Boeing AH-64 Apache and Sikorsky UH-60 Black Hawk helicopters was a major step forward and potentially transformational for the Company.

The US Army intends to replace the more than 6,000 engines installed in their current fleet of these two aircraft and the wider market for the T901 engine includes replacement engines for these aircraft in military forces outside of the USA, as well as other military and commercial medium sized vertical take-off aircraft globally. Transense will receive a royalty payment for each engine sold that uses its torque sensing technology. As well as providing a growing revenue stream as volumes of engines installed builds over time, this selection both demonstrates the ability of our SAW sensors to operate in testing environments and that they can be manufactured in volume. Our relationship with GE continues to deepen, with further applications being evaluated.

The agreement we have with GE is not exclusive and we have the opportunity to enter into other similar relationships. To this end we continue to develop potential applications for our SAW sensor systems in other sectors including power generation, industrial and automotive. All our existing relationships, such as those with Ford Motor Company and McLaren, continue to progress and we are discussing further projects with potential new customers.

## **Translogik**

Translogik has developed a range of products and services for tyre pressure and temperature monitoring of mining haul trucks marketed under the name iTrack. The division also markets a range of tread depth probes and associated monitoring systems for use in the passenger car, bus, truck and OTR sectors.

### **Translogik - iTrack**

The announcement post period end on 18 February 2019 that a new customer, who are a major supplier to the mining marketplace, had placed an order for 50 iTrack II units for installation in mines in North America, after significant testing, reinforced our opinion that our system is the most technologically advanced mining truck tyre pressure monitoring system ("TPMS") available, offering specific benefits in cost savings and operating efficiency that are not delivered by competitors in the market to the same degree. Whilst there are no further formal commitments in place, the directors anticipate that this relationship will deliver very substantial revenues for the Company by the end of our next financial year.

During the period we also entered the Peruvian market for the first time with a contract to supply 24 iTrack II mining tyre monitoring systems including the full suite of data analytics for large haul trucks at Southern Copper's Cujajone mine. It was pleasing to note that after testing all the current market leading TPMS systems they concluded; iTrack II was the best available. We anticipate iTrack II will also be rolled out to their remaining 100 trucks in due course.

We continue to deliver iTrack II on a monthly subscription model, which enables users to recognise the monthly cost in operating overheads, alongside the substantial savings in tyre operating costs and the productivity gains that are evident when in use. Revenues in the period derived from subscriptions continued to grow, increasing from 25% of Group revenues in the first half of the prior year to 47% in the first half of the current financial year. The quantum of these revenues is expected to grow substantially over the next 18 months as our installed base grows, particularly as we develop our relationship with our new customer.

### **Translogik - probes**

Our range of tyre tread depth probes is compatible with the tyre management systems of a number of the world's leading tyre producers and during the period under review we continued to work with Continental, Michelin, Bridgestone, and Goodyear.

## **Financial results**

Revenues for the six months were broadly in line with the corresponding period last year at £0.93m (Dec 2017: £1.07m). Importantly subscription revenues generated by Translogik from users of the iTrack II system increased by 63% to £0.44m (Dec 2017: £0.27m). We anticipate these revenues will grow significantly over the remainder of 2019 and in 2020 as the iTrack installed base significantly increases.

Operating expenses in the period were £1.69m (Dec 2017: £1.52m) and the net loss before taxation from continuing operations was in line with the comparative period at £0.91m (Dec 2017: £0.92m).

The total comprehensive loss for the period reduced to £0.78m (Dec 2017: £0.92m), reflecting a tax credit of £0.12m (Dec 2017 nil).

### **Financial position and cash flow**

Operating cash outflow before movements in working capital decreased by 46% to £0.39m compared to the corresponding period last financial year (Dec 2017: £0.72m).

Net cash used in operations for the period decreased to £0.37m (Dec 2017: £0.88m). Offering iTrack II to customers on a subscription basis results in a short-term cash outlay and requires investment in the initial months of each contract. The net investment in fixed assets for such contracts in the period amounted to £0.21m and as Translogik's iTrack II installed base increases there will continue to be a need to invest in fixed assets.

The Company closed the period with net cash and cash equivalents of £0.84m (30 June 2018: £1.59m) and in addition announced today an equity fundraise of up to £2.555m.

After careful consideration, the directors consider that the going concern basis continues to be appropriate for the preparation of these financial statements.

### **Outlook and prospects**

The first half of the financial year was a transitional period for the Company, with major advances coming post period end.

Both the selection of GE's engine incorporating our SAW sensor and the receipt of the first order from a new important customer for iTrack II were very significant events for the Company. They both demonstrated the quality of our technology and that it can now be rolled out on a much larger scale than was previously the case.

I believe the next 18 months will be transformational for Transense as we anticipate seeing the Company move to a positive cash and profit monthly run rate by June 2020.

**David M Ford**  
Chairman  
13 March 2019

**Transense Technologies plc**  
**Condensed Consolidated Statement of Comprehensive Income**

	<b>Half year to 31 Dec 18 (Unaudited) £'000</b>	Half year to 31 Dec 17 (Unaudited) £'000	Full Year 30 Jun 18 (Audited) £'000
<b>Continuing operations</b>			
Revenue	<b>933</b>	1,074	2,050
Cost of sales	<b>(202)</b>	(474)	(761)
<b>Gross profit</b>	<b>731</b>	600	1,289
Administrative expenses	<b>(1,686)</b>	(1,522)	(3,208)
<b>Operating loss</b>	<b>(955)</b>	(922)	(1,919)
Financial income	-	-	5
Other income	<b>49</b>	-	-
<b>Loss before taxation</b>	<b>(906)</b>	(922)	(1,914)
Taxation	<b>124</b>	-	26
Loss from continuing operations	<b>(782)</b>	(922)	(1,888)
<b>Loss for the period</b>	<b>(782)</b>	(922)	(1,888)
Other comprehensive income:			
Exchange difference on translating foreign operations	<b>2</b>	1	-
Other comprehensive income for the period	<b>2</b>	1	-
<b>Total comprehensive income for the period attributable to the equity holders of the parent</b>	<b>(780)</b>	<b>(921)</b>	<b>(1,888)</b>

**Transense Technologies plc**  
**Condensed Consolidated Statement of Financial Position**

	<b>31 Dec 18</b> <b>(Unaudited)</b>	31 Dec 17 (Unaudited)	30 Jun 18 (Audited)
	<b>£'000</b>	£'000	£'000
<b>Non current assets</b>			
Property, plant and equipment	<b>510</b>	387	474
Intangible assets	<b>860</b>	940	909
Trade lease receivables	-	3	-
	<b><u>1,370</u></b>	<u>1,330</u>	<u>1,383</u>
<b>Current assets</b>			
Inventory	<b>575</b>	842	685
Corporation tax receivable	<b>129</b>	-	-
Trade and other receivables	<b>729</b>	917	698
Cash and cash equivalents	<b>843</b>	1,326	1,592
	<b><u>2,276</u></b>	<u>3,085</u>	<u>2,975</u>
<b>Total assets</b>	<b><u>3,646</u></b>	<u>4,415</u>	<u>4,358</u>
<b>Current liabilities</b>			
Trade and other payables	<b>(412)</b>	(352)	(316)
Current tax liabilities	<b>(68)</b>	(67)	(66)
Provisions	<b>(70)</b>	(100)	(100)
<b>Total liabilities</b>	<b><u>(550)</u></b>	<u>(519)</u>	<u>(482)</u>
<b>Net assets</b>	<b><u>3,096</u></b>	<u>3,896</u>	<u>3,876</u>
<b>Capital and reserves</b>			
Share capital	<b>5,025</b>	4,775	5,025
Share premium	<b>682</b>	26	682
Share based payments	<b>41</b>	-	41
Translation reserve	<b>23</b>	22	21
Accumulated reserve/(deficit)	<b>(2,675)</b>	(927)	(1,893)
<b>Shareholders' funds</b>	<b><u>3,096</u></b>	<u>3,896</u>	<u>3,876</u>

**Transense Technologies plc**  
**Condensed Consolidated Statement of Changes in Equity (Unaudited)**

	Issued share capital £'000	Share premium account £'000	Translation Reserve £'000	Share based payments £'000	Accumulated deficit £'000	Total equity £'000
<b>Balance at 1 July 2017</b>	4,766	22	21	-	(5)	4,804
Loss for the period	-	-	-	-	(1,888)	(1,888)
Shares issued and share premium	259	660	-	-	-	919
Share based payments	-	-	-	41	-	41
<b>Balance at 30 June 2018</b>	<b>5,025</b>	<b>682</b>	<b>21</b>	<b>41</b>	<b>(1,893)</b>	<b>3,876</b>
Loss for the period	-	-	-	-	(782)	(782)
Translation of foreign entity	-	-	2	-	-	2
<b>Balance at 31 December 2018</b>	<b>5,025</b>	<b>682</b>	<b>23</b>	<b>41</b>	<b>(2,675)</b>	<b>3,096</b>



**Transense Technologies plc**  
**Condensed Consolidated Statement of Cash Flows**

	<b>Half year to 31 Dec 18 (Unaudited) £'000</b>	Half year to 31 Dec 17 (Unaudited) £'000	Full year to 30 Jun 18 (Audited) £'000
<b>Cash flow from operating activities</b>			
<b>(Loss) for the period</b>	<b>(782)</b>	(922)	(1,888)
Adjustments for			
Financial income	-	-	(5)
Depreciation of property, plant and equipment	<b>178</b>	69	227
Amortisation and impairment of intangible assets	<b>211</b>	130	332
Share based payments	-	-	41
Unrealised currency translation gain	<b>2</b>	<b>1</b>	-
<b>Operating cash flows before movements in working capital</b>	<b>(391)</b>	(722)	(1,293)
Change in receivables	<b>(160)</b>	(215)	(203)
Change in payables	<b>68</b>	(139)	(169)
Change in inventories	<b>110</b>	143	300
Change in trade lease receivables	-	56	266
<b>Cash used in operations</b>	<b>(373)</b>	(877)	(1,099)
Taxation recovered/(paid)	-	-	(7)
<b>Net cash used in operations</b>	<b>(373)</b>	(877)	(1,106)
<b>Cash flows from investing activities</b>			
Interest received	-	-	5
Acquisition of property, plant & equipment	<b>(215)</b>	(198)	(443)
Acquisition of intangible assets	<b>(161)</b>	(132)	(303)
<b>Net cash used in investing activities</b>	<b>(376)</b>	(330)	(741)
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity share capital	-	13	919
<b>Net cash used for financing activities</b>	-	13	919
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(749)</b>	(1,194)	(928)
<b>Cash and cash equivalents at beginning of period</b>	<b>1,592</b>	2,520	2,520
<b>Cash and cash equivalents at end of period</b>	<b>843</b>	1,326	1,592

Notes to the Interim results for the six months to 31 December 2018

**1 Accounting Policies**

With the exception of the adoption of IFRS 9 and IFRS 15 on 1 July 2018, the Condensed Consolidated Financial Statements for the half yearly report for the 6 months ended 31 December 2018 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 2018.

The Directors consider there to be no material impact on the Group’s results as a consequence of the transition to IFRS 9 and IFRS 15.

**2 Reporting Entity**

Transense Technologies plc. (“the Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 December 2018 comprises the Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). These condensed consolidated interim financial statements are presented in pounds sterling, rounded to the nearest thousand.

The consolidated financial statements of the Group are available upon request from the Company’s registered office or at [www.transense.co.uk](http://www.transense.co.uk)

These condensed consolidated interim financial statements are unaudited.

**3 Earnings per share**

	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
<b>Weighted average number of shares</b>			
Issued at start of period	12,048,948	9,532,435	9,532,435
Effect of shares issued in period	-	803	63,390
Weighted average number of shares at end of period	12,048,948	9,533,238	9,595,825
<b>Basic Earnings per share</b>	<b>(6.49p)</b>	<b>(9.70p)</b>	<b>(19.68p)</b>

#### 4 Revenue

Revenue	Half year to 31 Dec 18 (Unaudited) £'000	Half year to 31 Dec 17 (Unaudited) £'000	Full year to 30 Jun 18 (Audited) £'000
Chile	373	307	660
North America	203	159	322
Australia	186	182	400
United Kingdom & Europe	95	225	362
Rest of the World	76	201	306
<b>Total</b>	<b>933</b>	<b>1,074</b>	<b>2,050</b>

#### 5 Going Concern

The interim financial information has been prepared on a going concern basis, which assumes that the Company will have adequate resources to continue in operational existence for the foreseeable future.

#### 6 Corporation tax and Deferred tax

The Company is entitled to a Corporation Tax credit in respect of expenditure on Research and Development. No deferred tax asset is recognised in these financial statements in respect of trading losses to date.

#### 7 Post Balance Sheet Event

The Company announced an equity fund raise of up to £2.555m today 13 March 2019 to provide working capital to grow and develop Transense's iTrack trade including the funding of further research and development which will drive the future growth in iTrack sales.