Transense Technologies plc

Final Results – year ended 30 June 2021 (FY21)

Nigel Rogers – Executive Chairman

Melvyn Segal - CFO

transense technologies plc

Overview

FY21 - Building firm foundations

- **De-risked business model**
- **Financials in line with upgraded expectations**
- **Good progress in all three business streams**
- **Strong balance sheet & cash position**
- **Controlled investment for future growth**
- **Optimistic outlook & prospects**

Financial Highlights

Growing revenues, post tax profits and strong cash

	FY21	FY20
Revenue*	£1.77m	£0.60m
Gross margin	78.3%	55.1%
EBITDA*	£0.06m	£(0.68m)
Profit for the Year	£0.16m	£(2.54m)
Earnings per Share	0.96p	(6.68)p
Net cash at end of year	£1.05m	£1.19m
Distributable reserves	£0.63m	£(5.90m)
Corporation tax losses c/f	c.£23m	c.£23m

* Denotes from continuing activities only

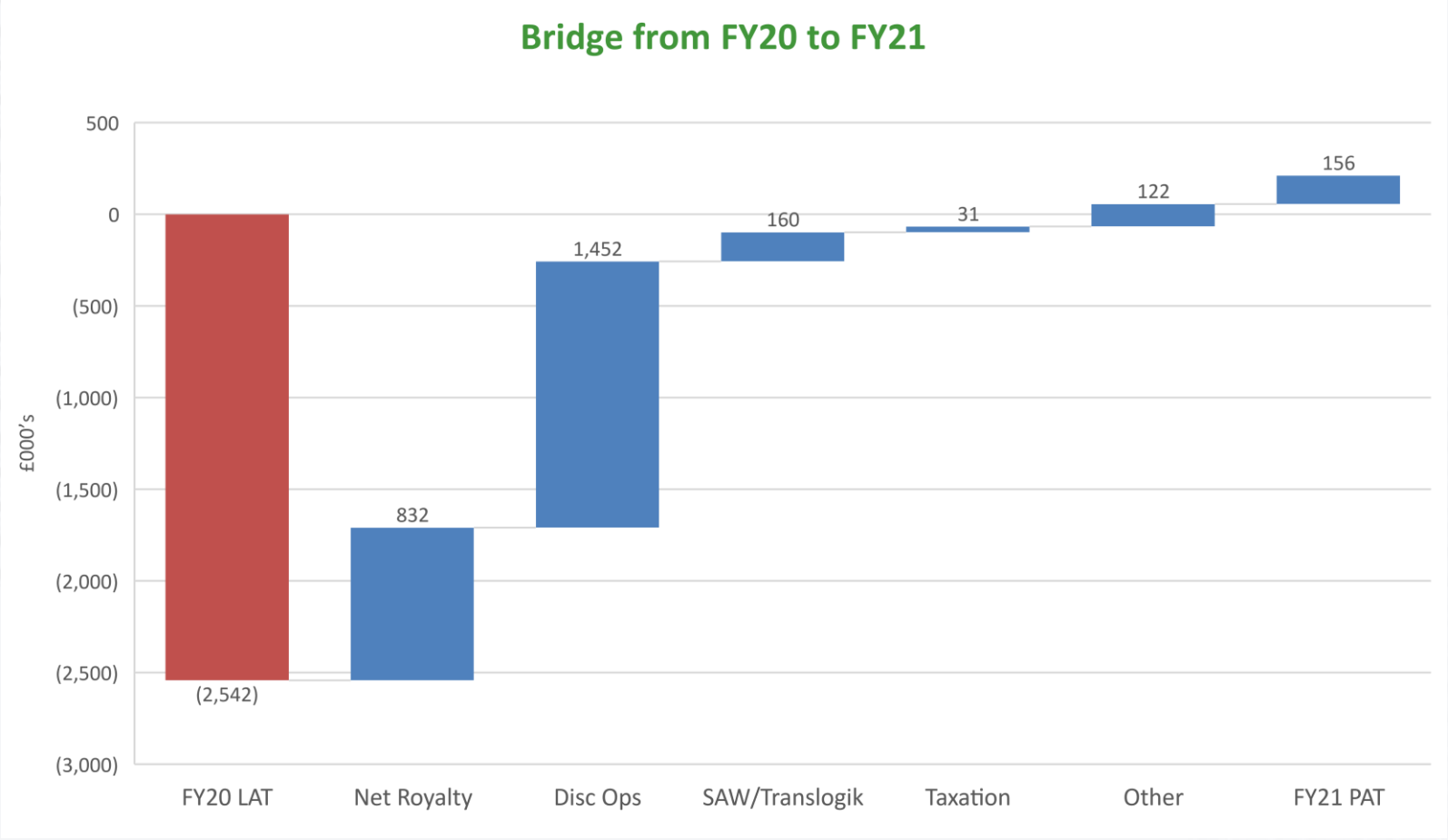
Segmental Analysis

Progress in all income streams

	FY21 £m	FY20 £m	
Revenue			
iTrack royalty	0.83	-	N/A
Translogik probe	0.76	0.51	Up 49%
SAW	0.18	0.09	Up 100%
Total	1.77	0.60	Up 195%
Net Profit/(Loss)			
iTrack royalty/trade	0.89	(1.45)	
Translogik probe	0.27	0.13	
SAW	(0.53)	(0.58)	
Unallocated	(0.52)	(0.64)	
Total	**0.16**	**(2.54)**	

Profit after Tax – bridge from FY20 to FY21

PAT ahead of upgraded expectations



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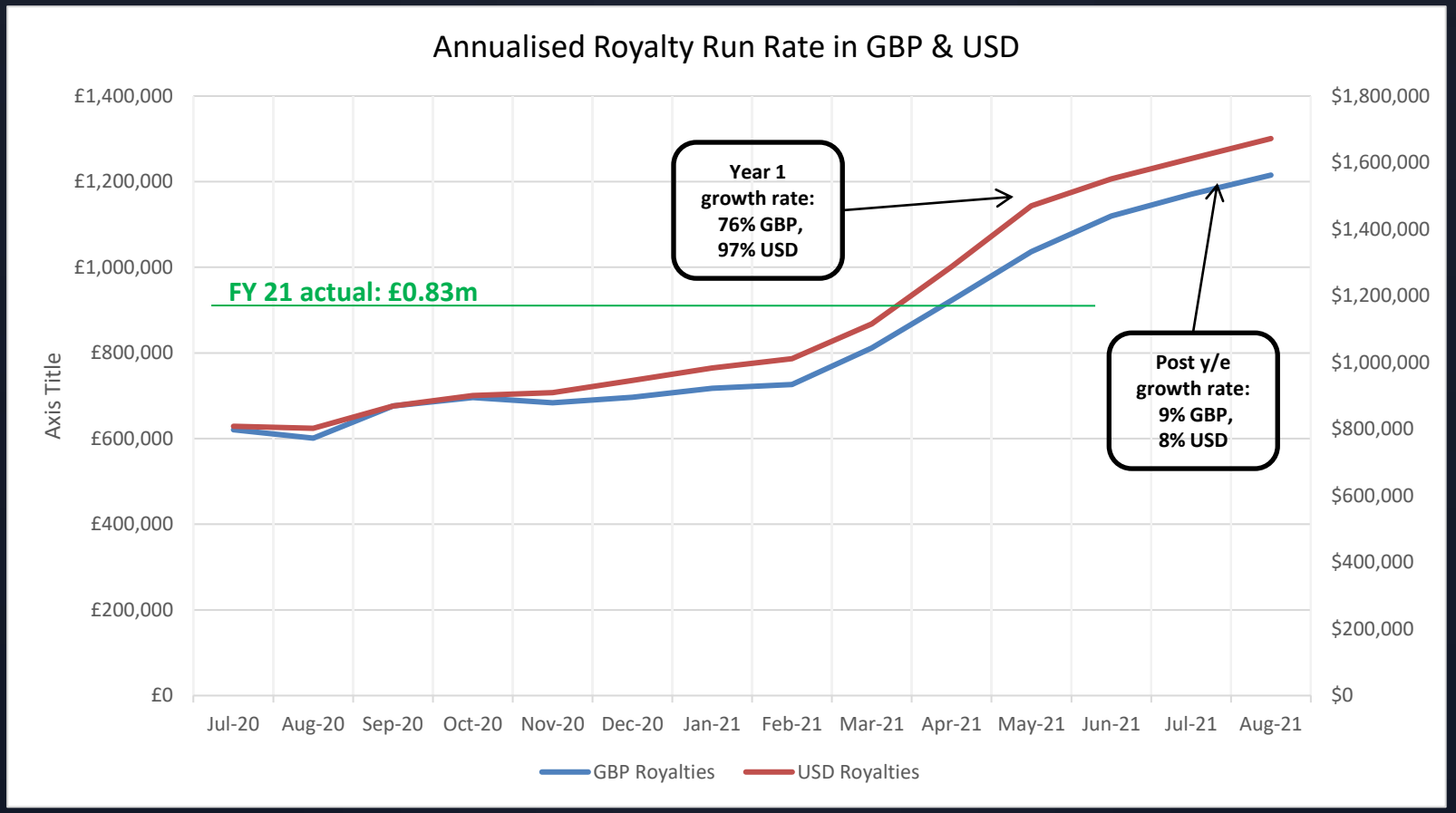
iTrack Royalty Income

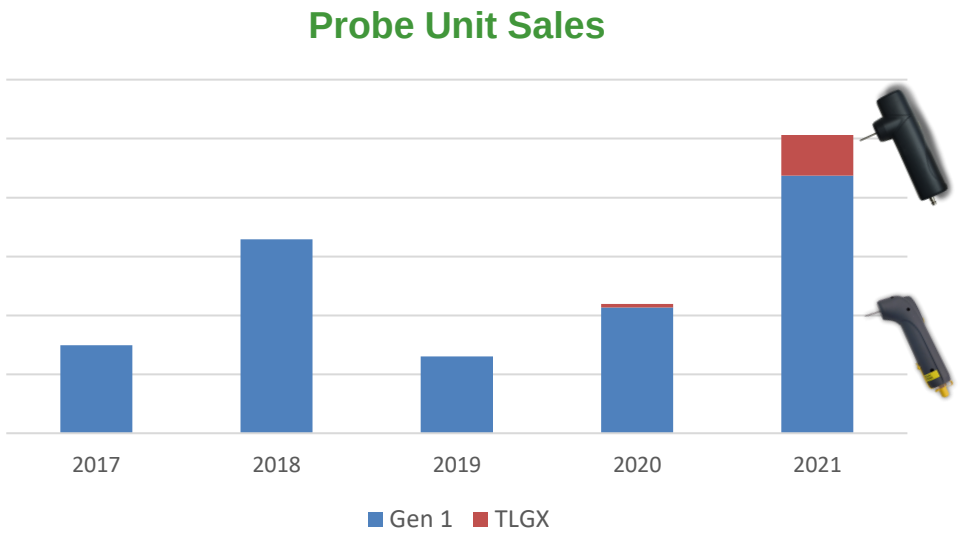
Year 1 – gathering momentum



Translogik Tyre Probes

New product range driving increased market penetration

- New TLGX trials positive
- Conversions to TLGX underway
- Customer base includes Fleet Management Software Houses
- Commitment from key customers
- Custom integration to fleet management systems



BRIDGESTONE GOODYEAR PIRELLI Continental

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SAW

Overview

- Good commercial progress
- SAWCAP initiative:
  - Sector experts, engineering bias
  - Brainstorm potential applications
  - Introductions to clients & partners
  - Triage opportunities to narrow focus
  - Top level programme leadership

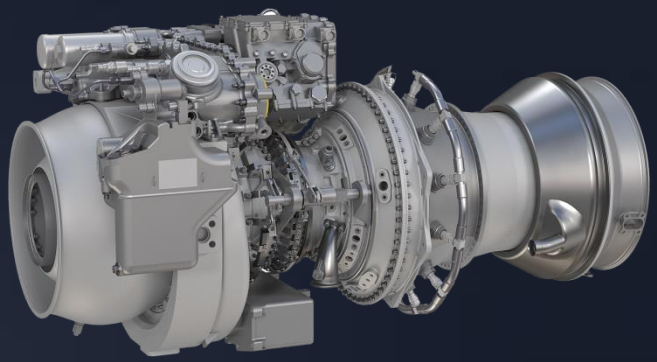
- Entering period of rapid technological change:
  - 5G, IoT and connectivity
  - Sustainable energy and transport
  - Post-pandemic infrastructure investment
- Exciting opportunities on the horizon

- Building enduring partnerships
- Controlled expansion of engineering/operational capability
- Enhanced marketing presence & materials

SAW

Good commercial progress in the year

- GE ITEP program on track
  - FETT running to schedule
  - T901 engine selected for Future Attack Reconnaissance Aircraft (FARA) in addition to Apache/Black Hawk
  - Strong links with tier 1 contractors (BAE/Meggitt)
- New JCA with McLaren Applied for motorsport and other areas
- US OTR client quoted mid-volume opportunity for EPAS module
- European AgriTech trial
- Technology transfer in process on hybrid engine program in aerospace



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SAW

Enhanced market presence

New websites

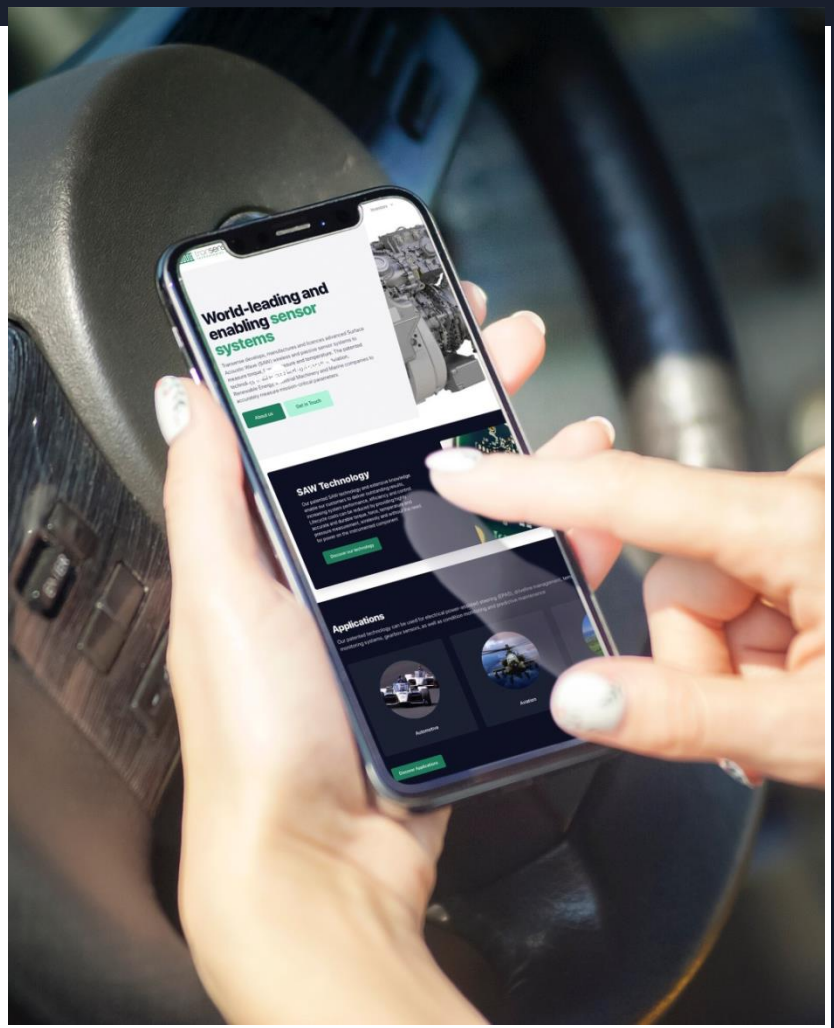
- www.transense.com
- www.londonstockexchange/stock/TRT

Active social media channels:

- LinkedIn - transense-technologies-plc
- Twitter - @TransenseTech
- YouTube - @Transense Technologies PLC

Refocus sector engagement

- “Explainer” video shorts



SAW

European AgriTech field trial

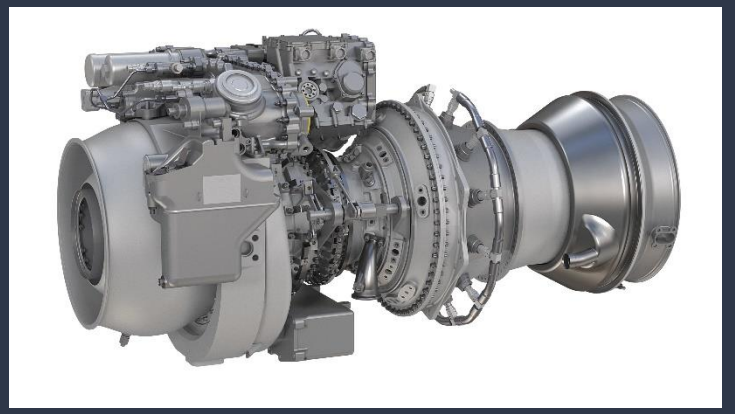
- Agritech relies on multiple rotating shaft applications of varying scale
- Live torque data can be used for:
  - Improved machine efficiency
  - Failure mode prevention
  - Enhanced machine & implement control
  - Input to big data with GPS link to crop/harvest data
  - Condition monitoring, abuse protection & cost reduction
  - Enabler for automation & electrification
  - Torque vectoring for 4WD

SAW

Aerospace case study – GE ITEP

U.S. Army wanted an engine to provide:
- Longer tactical ranges and more time on station
- More payload to mass combat power faster
- Enhanced maneuverability to improve survivability
- Improved low airspeed operation to expand pilot tactical options and safety margins

U.S. Army launched the Improved Turbine Engine Program (ITEP) to seek a new turboshaft engine to provide **50% more** power, **25% better** specific fuel consumption while reducing life cycle costs to make engines last **20% longer** to replace T700. GE won.



SAW technology applied on the internal shaft provides:
- Fast response data output across whole torque range
- Shaft temperature

Real time data outputs through FADEC provides improved engine control, which leads to:
- Better fuel consumption
- Better handling
- Better data collection for PPMx

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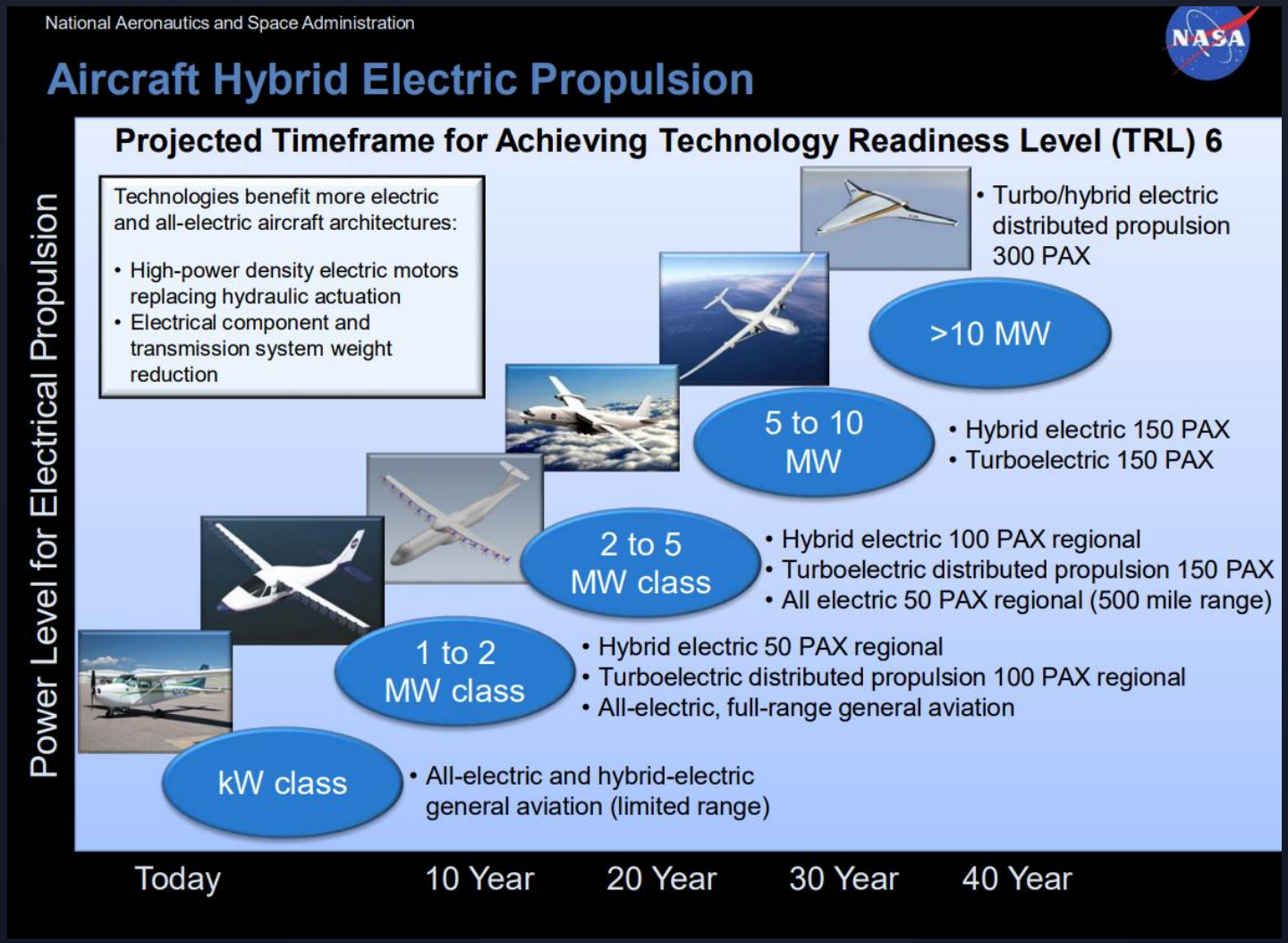
SAW

Trends in sustainable aerospace



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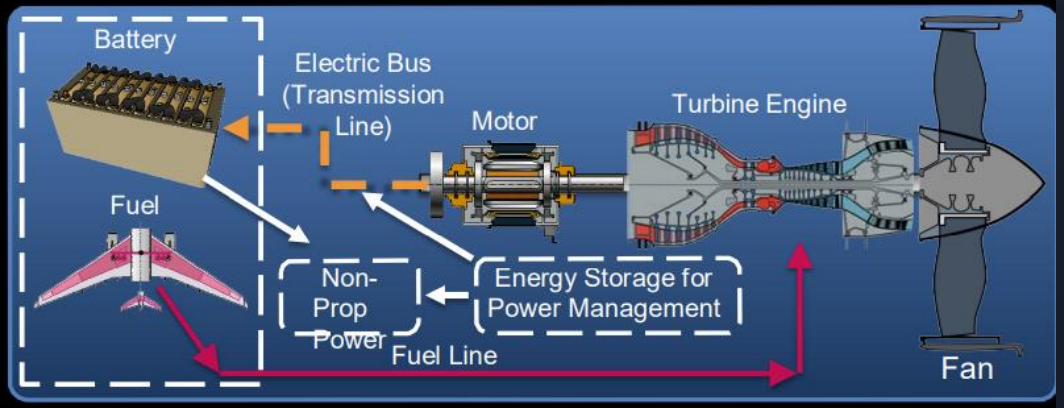
SAW

Hybrid development project

National Aeronautics and Space Administration

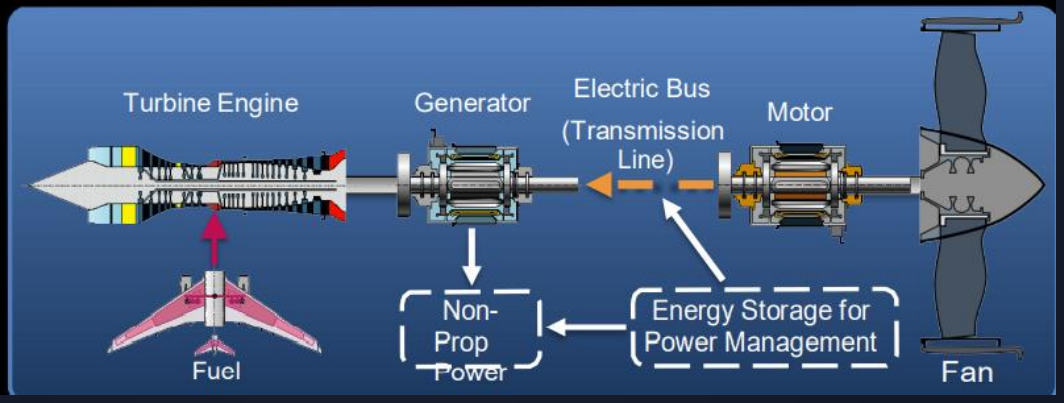
Possible Future Commercial Large Transport Aircraft

Hybrid Electric



Both concepts can use either non-cryogenic motors or cryogenic superconducting motors.

Turbo Electric



Flight demo by 2024

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SAW

Early engagement in Advanced Air Mobility (AAM)

Urban Air Mobility

Interest from companies within top 10 of Advance Air Mobility Reality Index - need is for contactless torque sensing and more accurate torque measurement.

Regional Air Mobility

Capabilities/Benefits:

- Small
- Low mass
- Fast response
- Intrinsically safe
- Electronics away from sensor
- Costs suitable for anticipated volumes

SAW

Controlled investment to develop capability

FY21

- New MD (Nick Hopkins)
- SAWCAP initiative
- One key new hire in engineering
- Security of supply chain

FY22

- Two further key new hires in engineering
- Expand SAWCAP role on client engagement
- Streamline test & calibration process route
- Continue to seek and build partnership approach

Current Trading & Outlook

Well placed to deliver in FY22 and beyond

iTrack

- Post-period royalty up a further 9%
- Gathering momentum in key markets
- Enhanced prospects post-Otraco transaction

Translogik Probe

- New range well received
- Key customers seeking long term commitment
- Opportunities for customisation in development

SAW

- SAWCAP initiative paying off
- Short term growth underpinned by existing customers
- Exciting prospects at early engagement stage

Corporate

- Post-period (to August 2021) revenue growth of 98%
- Cash remains strong
- Share buy backs and dividends under consideration

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Appendices

Financials
Strategy recap
Board & Executive
SAWCAP
SAW Technology
iTrack prospects

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Appendices

Financials

Financials - Profit & Loss			
	2021		2020
	£		£
Continuing Operations			
Revenues	**1.78**		0.60
Cost of Sales	**0.39**		0.27
Gross Profit	**1.39**		0.33
Administrative Expenses	**1.58**		1.70
Operating Loss	**0.19**		1.37
Other Income	**0.05**		0.12
Interest	**0.01**		0.01
Taxation	**0.32**		0.17
Profit/(Loss) on Continuing Operations	**0.17**		1.09
Discontinued Operations			
Sales/Gross Profit			1.38
Overheads			2.83
Loss from discontinued operations	**-**		1.45
Post Tax Profit/(Loss) for the year	**0.17**		2.54

Appendices

Financials

Financials - Cash Flow Statement			
		2021	2020
		£Millions	£Millions
Cash flow from operating activities			
	Profit/Loss for the period	**0.16**	2.54
	Adjustments	**0.06**	0.97
Operating Cash Flows before Working Capital Movement		**0.10**	1.57
	Movements in Working Capital	**0.56**	0.29
Net Cash generated/used in operations		**0.46**	1.86
Cash flow from investing activities			
	Taxation Recovered/Paid	**0.21**	-
	Capital Expenditure (Net of disposals)	**0.05**	0.50
		0.16	0.50
Cash Flow from financing activities			
	Loans received less repaid	**0.26**	0.97
	Other	**0.11**	0.07
		0.15	0.90
Net Decrease in cash		**0.15**	1.46

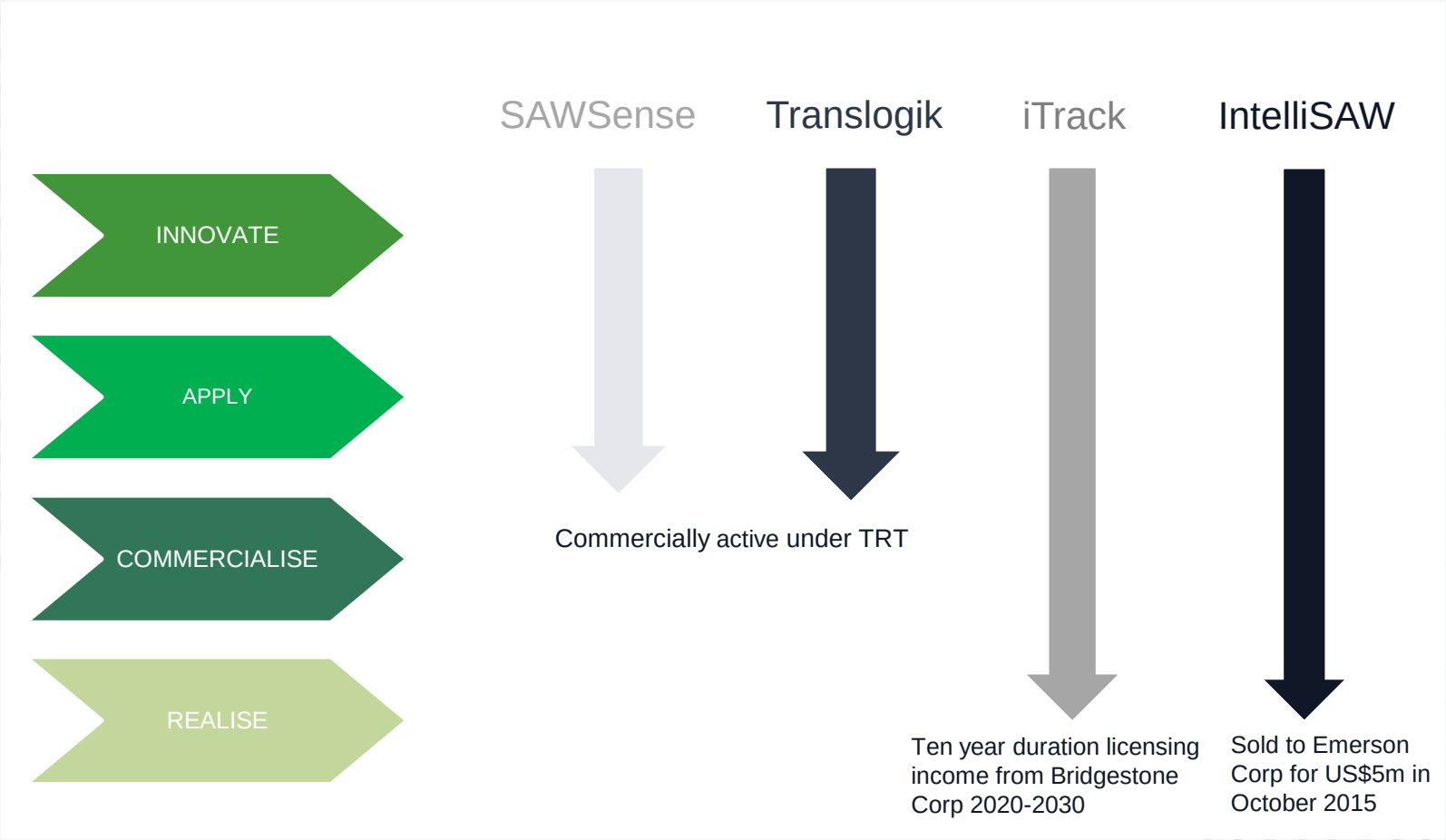
Appendices

Financials

Financials - Balance Sheet			
	2021 £Millions		2020 £Millions
Non Current Assets	**0.98**		1.14
Current Assets			
Cash	**1.05**		1.19
Other	**0.74**		1.91
	1.79		3.10
Current Liabilities	**0.33**		1.89
Lease Liabilities	**0.10**		0.17
Net Assets	**2.34**		2.18
Capital and Reserves			
Share Capital	**1.63**		5.45
Share Premium/Translation Reserve/SBP	**0.08**		2.63
Accumulated Reserves/(Deficit)	**0.63**		5.90
Shareholder's funds	**2.34**		2.18

Appendices

Strategy Recap



Appendices

Board

Nigel Rogers – Executive Chairman

- Appointed non Exec Director in 2015. Appointed Exec Chairman in 2020.
- >20 years experience leading AIM Listed companies
- Early career with PwC. Now Chairman at Solid State plc and at Surgical Innovations Group plc

Melyvn Segal – Chief Financial Officer

- Appointed in 2012 as CFO and Company Secretary
- Senior Partner at Arram Berlyn Gardner
- Active FD and Non Exec director of many successful SMEs

Rodney Westhead– Non Executive Director

- Appointed non Exec Director in 2007
- Managing Partner of Grant Thornton London Office
- FD for 4 years and CEO for 9 years at Ricardo. Several Chairman roles.

Appendices

Executive

Nick Hopkins – Managing Director

- Joined Transense as MD in 2020 with special focus on development of SAW business
- Commercial experience in SAW and related communications technology businesses
- Commissioned officer in UK military including large scale operations and helicopter flight

Victor Kalinin – Chief Scientist and Technologies Director

- Joined Transense in 2001 after initially serving as technical consultant
- Significant academic career in Europe and UK with ~110 peer reviewed publications
- ~45 years experience in SAW and related technologies. Holder of 28 patents/applications

Appendices

Executive

Paul Vickery – Commercial Operations Director

- Joined Transense in 2004 and now leads all commercial and operational activity
- Significant SAW and related technical experience, holder of 10 related patents/applications
- Previous experience across industrial sectors with Thomson CSF, Plessey and GEC Marconi

Robert Carlaw – Commercial Director (Translogik)

- Joined Translogik in 2010 as sales support to launch the tyre inspection probes.
- 15 + years' commercial business experience and proven track record in increasing sales
- Provided valuable input in the development of the new TLGX range

Appendices

SAWCAP

Ian Penny has 30 years' experience in engine engineering, propulsion systems and applications. Formerly Global Product Group Director, Engines at Ricardo. Prior to this Ian was MD, Engine Business Unit at Ricardo, where he led all aspects covering passenger car, light and heavy commercial and off-road vehicles

Dr. Alan Lowdon - over 30 years' experience in international energy and utilities with senior roles including Rolls Royce Industrial Power, British Gas and Shell. and as Director of Technology & Innovation at the UK National Renewable Energy Centre.

Matthew Richards is Managing Director of Steatite, the manufacturing division of Solid State PLC. Matthew has over 30 years' experience in defense electronics, including previously as MD of API Technologies Corporation, an RF and Security solutions business

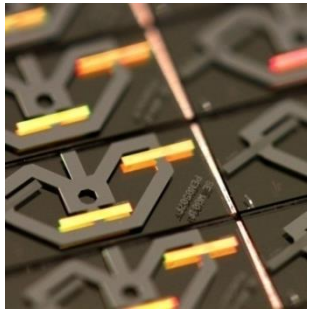
Prof Dr-Ing Karl Viktor Schaller Previously, Exec VP Engineering of motorcycles at BMW AG and Technical Director of the Engineering Heavy Trucks division at MAN Truck and Bus SE until 2006. Led development of alternative drive systems (batteries, various hybrids, natural gas, hydrogen in ICE and fuel cells) and heavy trucks.

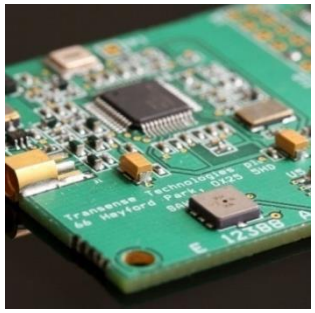
Ryan Maughan has more than 20 years' experience in the High-Performance, Heavy-Duty and Off-Highway Automotive markets. Award winning in the development of Power Electronics, Electric Motors and Drives (PEMD) Successfully founded, scaled and exited three businesses in the electric vehicle space.

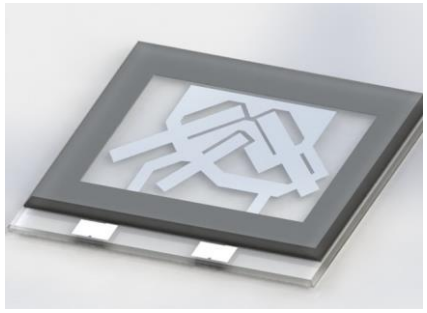
Regular input from other associates whose expertise covers other target market sectors, including automotive engineering in conventional and electric/hybrid, rail and marine.

Appendices

SAW Technology







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.

Appendices

Componentry

Torque Sensor

- All Quartz Package (AQP) industrialised sensor.
- Patented SAW components
- Low cost in high volume
- AQP is a passive device, no electronics on shaft

RF Rotary Coupler

- Patented Low-cost non-contact RF antenna for signal transfer
- Rotor Couple is mounted on shaft, connected to sensor
- Stator Couple is mounted in a housing

Reader

- Unique ASIC
- Electronics and software to process AQP SAW signal
- Transense unique patented software and electronics design

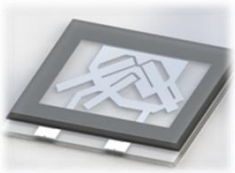
Sensor

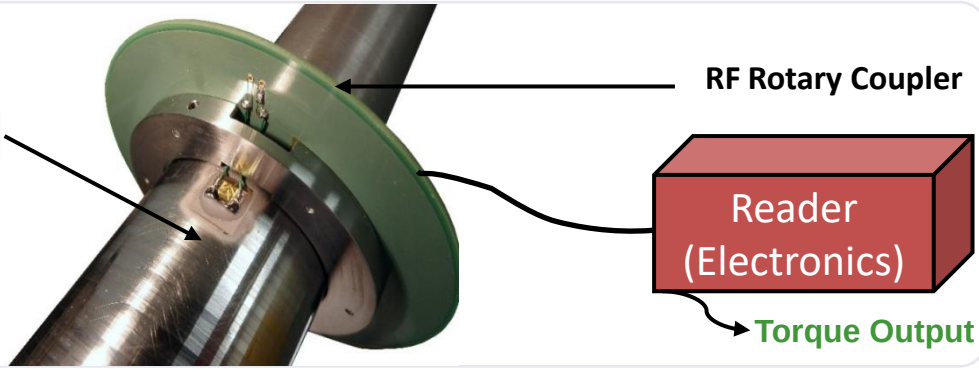
Non-Contact

Accurate

Low cost

No active electronics mounted on shaft





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Appendices

iTrack Prospects

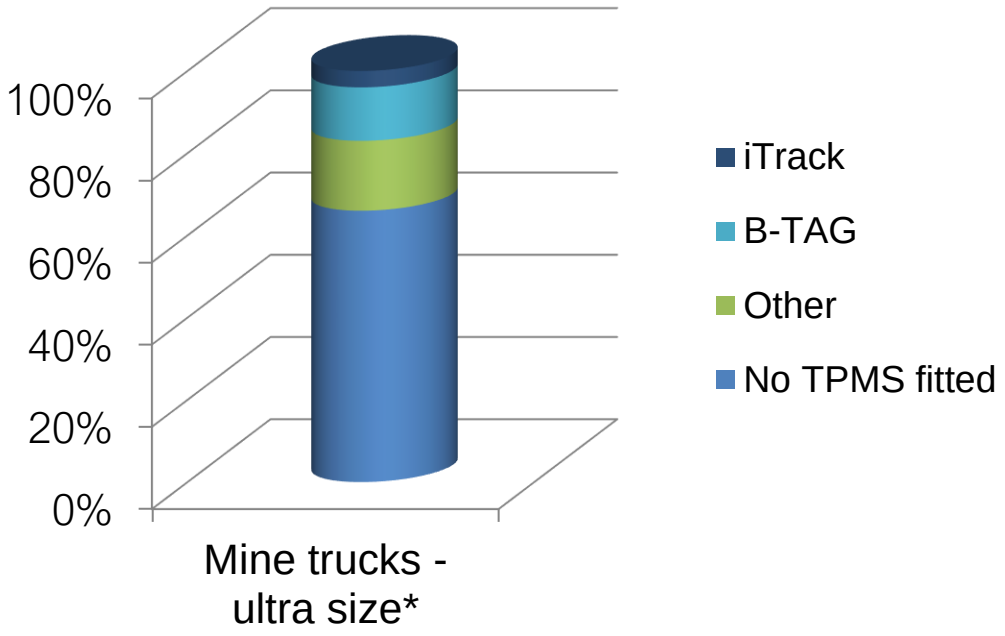

Chart shows TPMS market share on Ultra size mine haul trucks

Ultras = 25% of total mine haul trucks by number

Ultras = 35% of potential TPMS market by value