

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
		Annual step changes	
Translogik	CAGR c. 15% pa	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





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

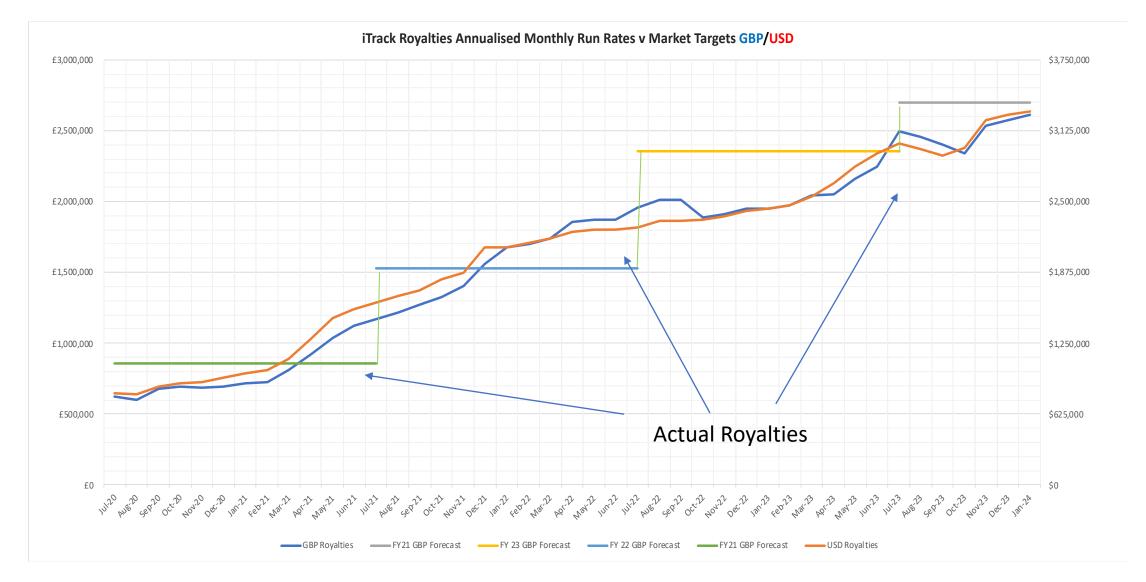
SAW Technology:

- 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



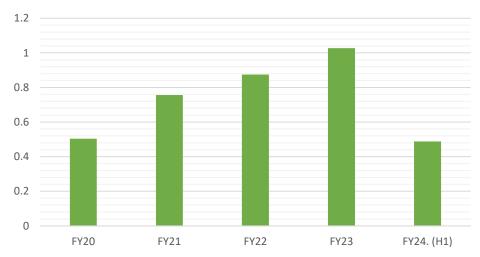


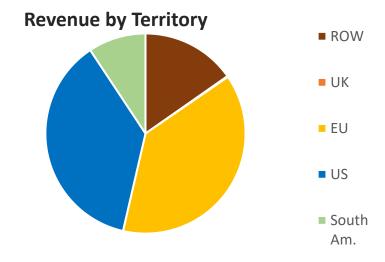
Ryan Maughan
Business Development Director





Translogik Revenues (£m)





- 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

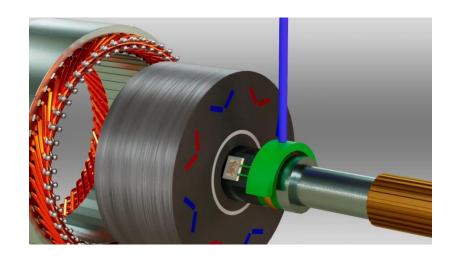
2020	2023	2024	2028+
GE Aerospace	GE Aerospace		GE Aerospace
	-Parker MEGGiTT	-Parker MEGGÍTT	Parker MEGGiTT
	+ 1 x confidential aerospace Tier 1	+ 1 confidential aerospace Tier 1	+ Contracted business with 4-5 additional aerospace customers
	+ 7 Additional opportunities	+ 11 Additional opportunities	+ 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	✓	✓	Х		
Turboprop Fixed Wing*	✓		✓	✓	✓
Jet/Turbofan Fixed Wing			X	X	X
eVTOL	X		X		

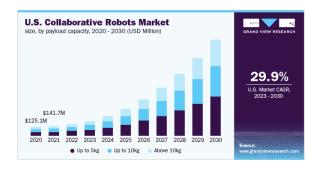
= Transense contracted or in advanced discussion with Aerospace Tier 1 or OEM





- 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 iTrack Translogik SAW	£1.80m £1.23m £0.49m £0.08m	£1.64m £0.98m £0.52m £0.14m	Up 10% Up 26% Down 6% Down 43%	£3.53m £2.01m £1.03m £0.49m
Profit Before Taxation iTrack Translogik SAW Central Overheads	£0.63m £1.21m £0.19m £(0.38m) £(0.40m)	£0.26m £0.95m £0.22m £(0.48m) £(0.44m)	Up x 2.4 Up 27% Down 10% (Reduced by 21%) (Reduced by 9%)	£1.09m £1.97m £0.42m £(0.55m) £(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 Working capital movements	0.12 (0.11)	0.02 (0.59)	(0.34) (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 Other	(0.07) (0.02)	(0.15) (0.04)	(0.41) (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

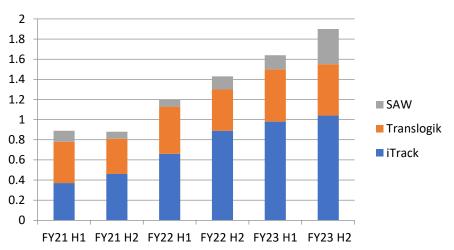
Increasingly well positioned to deliver mid-to long term strategic value



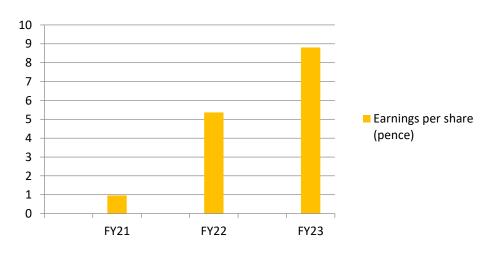




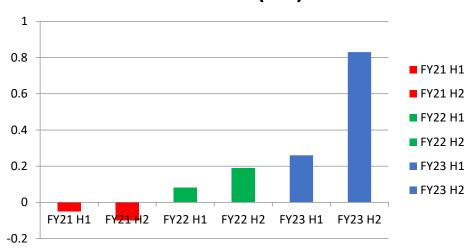
Revenue by segment (£m)



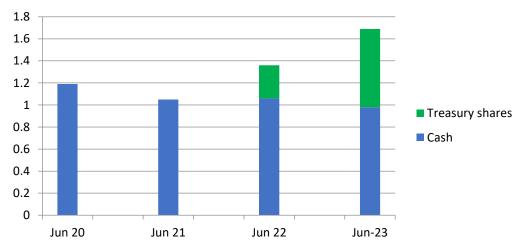
Earnings per share (pence)



Net PBT (£m)



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)



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