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16 July 2024

Transense Technologies plc
("Transense" or the "Company")

Year end trading update

Transense Technologies plc, the provider of specialist sensor technology and measurement systems, is pleased to provide a trading update for the financial year ended 30 June 2024 based on unaudited management information.

Highlights

- Total revenue for the year increased by 18% to £4.2m (FY23: £3.5m).
- Adjusted EBITDA* for the year is expected to be around £1.7m; an increase of 21% on prior year (FY23: £1.4m).
- Cash balances increased to £1.3m (FY23: £1.0m) and around £0.70m expected to be received in July from the last quarter's iTrack royalty (FY23: £0.54m).
- Key appointments made at Board and senior management level with the knowledge, experience and networks to deliver success.
- SAWsense and Translogik revenue up 75% in second half; year-end run rate supports current FY25 market expectations.

Financial Summary

Total revenue for the year increased by 18% to £4.2m (FY23: £3.5m) and adjusted EBITDA* is expected to increase by 21% to £1.7m (FY23: £1.4m), both of which are slightly above market expectations.

Revenue in the second half of the financial year (H2) from the Translogik and SAWsense business units combined was 75% higher than in the first half (H1), with a particularly strong final quarter (Q4) driven by new customer wins. The number of installed Bridgestone iTrack units generating royalty income has increased by 25% compared to the prior financial year.

Net cash balances on 30 June 2024 increased to £1.3m (FY23: £1.0m). Trading continued to be cash generative, enabling the Company to invest in the business, and put a further £0.32m to the ongoing share buyback programme (FY23: £0.40m). Royalties for Q4 receivable at the end of July 2024 are expected to be around £0.70m (FY23: £0.54m), further strengthening the available cash position.

Translogik

Segmental revenue for the year was £1.12m, which was 9% ahead of the prior year (FY23: £1.03m). This was generated primarily by building on existing customer relationships with global tyre manufacturers.

During the year, management instigated strategic initiatives to open new markets. Towards the end of the financial year, Translogik secured several new key customers, including a fifth major global tyre manufacturer. A number of software integration projects were completed with additional vehicle and tyre management software platforms during H2 which are expected to convert to revenue in FY25.

Key team members have been appointed in H2 to prepare the business to scale at an increased rate, and further work is underway to build operational capabilities and implement a strategic product development roadmap to broaden the range of solutions offered.

SAWsense

Despite a slow start in H1, revenues for FY24 were slightly ahead of market expectations at £0.45m (FY23: £0.49m). The first engine royalty income was received from GE Aerospace (GE), covering two T901 engines made for trials and testing. Although the value of this income stream remains nominal at current volumes, SAWsense is in the process of quoting for a variety of additional support activities to help GE and its supply chain deliver increasing quantities and future engine programmes.

Motorsport revenues were subdued by a delay with one key race series, however this was offset by a much broader range of customers and new contracted projects in other industry sectors contributing to revenue. This improved composition, combined with an increasing pipeline, provides an indication of exciting future potential.

There was an increase in customer-funded feasibility and applications development projects in H2, including the previously announced new landing gear project with Airbus commencing in May 2024, LANDone which is anticipated to deliver £0.5m of R&D income over its two-year duration.

Towards the end of H2 the Company commenced two torque sensor development programmes, not previously announced for:

- an electric drive system with a confidential major European Tier 1 electronics business
- an aircraft engine application with a confidential major aerospace manufacturer.

The number of active customer programmes has now increased to 14 (July 2023: 9), showing clear commercial traction in our focus markets with a range of world-class customers, which is expected to drive revenue growth in FY25 and beyond.

In line with this increased demand, the business will continue to carefully invest in people, facilities and equipment to scale up capacity. The transformation of the facility in Weston-on-the-Green, Oxfordshire is complete, with over £0.1m invested in the building. Manufacturing, testing and development space has more than doubled, and the new office configuration provides an improved workspace for an enlarged engineering team. In addition, work continues on the development of a robust component supply chain and scalable manufacturing processes for SAWsense, in order to support key customers' longer term plans for high volume production using SAW technology.

iTrack Royalties

Royalty income for the financial year from iTrack in Sterling terms increased by 30% to £2.61m (FY23: £2.01m), which was slightly above the expected growth rate. The Bridgestone Corporation subsidiary previously known as ATMS Technology Ltd has recently been renamed as Bridgestone Mining Solutions Technology Ltd, and the product will be sold under the Bridgestone iTrack brand, reflecting their ongoing commitment. As the integration of the business into Bridgestone's corporate structure has matured, Bridgestone iTrack continues to deliver consistent growth in line with their own market forecasts.

The annualised run rate of royalty income was approximately £2.9m by the end of FY24, an increase of 25% over the FY23 closing rate of £2.3m, comfortably underpinning management expectations for FY25.

Outlook and Audited Results

The Board considers that FY24 has been a pivotal year in readying the two operational business segments to become the main income generators. The Company enters FY25 at a revenue run rate consistent with management expectations for the upcoming year and is well positioned to deliver its ambitious growth plan over the mid to long term.

Final audited results for the year ended 30 June 2024, and a more detailed update on trading and outlook, are expected to be announced towards the end of September 2024.

**Adjusted EBITDA refers to net earnings before interest, taxation, depreciation and amortisation adjusted for the cost of share-based payments of £0.1m and non-recurring reorganisation costs of £0.1m.*

*** iTrack Royalties are based on the closing rate on 15 July 2024, however this may vary if there is a material change in rates at the end of July 2024 when the quarterly royalties are invoiced and paid.*

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Notes to Editors:

Transense is a developer of specialist sensor technology and measurement systems. The Company has two active business divisions:

- Translogik a range of smart, connected tyre inspection and management equipment, used by leading tyre manufacturers, dealers and fleet operators to reduce costs and improve safety; and
- SAWsense, developing Surface Acoustic Wave (SAW) sensor technology, to improve performance, reliability and efficiency in focus markets of aerospace, automotive, robotics and industrial machinery.

In addition, the Company earns residual royalty income from Bridgestone iTrack (new branding name for iTrack), a tyre condition and performance monitoring system, that was developed by Translogik and subsequently licensed to Bridgestone Corporation for a ten-year period in 2020, expiring in 2030.

The Group's strategy is to maximise shareholder value through the delivery of sustained revenue growth from its business divisions by leveraging excellence in innovation and know-how to commercialise technologies through industry partnerships and exposure to global growth markets.

Transense is headquartered in Oxfordshire, UK, and was admitted to trading on AIM, a market operated by the London Stock Exchange (AIM: TRT), in 1999. www.transense.com

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