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22 January 2025

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

**Trading update,
Change of Nomad and broker, and
Notice of Interim results**

Trading update

Transense Technologies Plc (AIM: TRT), the provider of specialist sensing solutions and measurement systems, announces a trading update for the six months ended 31 December 2024 (the "Period").

The Directors are pleased to report that the Company continues to trade in-line with market expectations for the full year ending 30 June 2025. Strong revenue growth for the Period provided opportunities to invest in operational capabilities in anticipation of further growth whilst protecting prospects for current year earnings.

Financials

Total revenue for the Period was 37 per cent ahead of the corresponding period last year (the "Prior Period" or "FY24H1") at £2.41m (FY24H1: £1.81m) compared with expected growth of around 30 per cent for the full year. Segmental revenues from SAWsense and Bridgestone iTrack royalties increased ahead of expected rates at 330 per cent and 28 per cent respectively. Revenues from Translogik increased year on year by 7 per cent, which was consistent with the expected growth from existing customers, although new business conversion was slightly slower than anticipated. This is expected to accelerate in the second half of the financial year.

Gross profit margin was maintained at more than 87 per cent of revenue. Operating expenditure has increased in the Period reflecting planned investment in the business. The total headcount of the Company has increased from 19 people at 31 December 2023 to 30 people in January 2025, and this increase includes key appointments in engineering, operations and sales & marketing to build capacity to fulfil pipeline opportunities. This process is now largely complete, and the team is now in place to deliver future growth without significant incremental salary costs.

Accordingly, net earnings for the Period are expected to be approximately 20 per cent below the Prior Period, reflecting this investment incurred ahead of the associated payback anticipated in the second half of the financial year and beyond, and the temporary cost compression due to re-organisation in the Prior Period.

Net cash at 31 December 2024 stood at £1.19m (30 June 2024: £1.28m). Quarterly royalty income receivable from Bridgestone iTrack at the end of January is estimated to be £0.84m (30 June 2024: £0.70m), further strengthening the net cash position.

SAWsense

The business is beginning to benefit from deeper relationships with established customers, aiding the delivery of a higher level of revenue per customer; a key metric for the future.

The two grant funded projects are running well. Work is progressing in both programmes to develop new applications for SAW technology in automotive eDrive systems and aircraft landing gear. These include sensor application engineering, materials and performance development as well as the associated requirements for scaled up manufacture and supply chain development.

Aerospace demand remains buoyant. SAWsense engaged a new aerospace engine torque sensing project in the Period to add to the base of leading global aerospace customers. Pipeline activity is healthy, including additional work on running projects with existing aerospace customers, and some significant new projects in aerospace, robotics and off-road vehicles launching in the second half.

The process of building engineering and customer-facing operational capabilities has continued in the Period, with the appointment of six additional engineers and technicians. This included the key appointment of an Operations Director for SAWsense at the Period end, enabling the separation of engineering responsibilities from ongoing customer support in project and production delivery. This is expected to contribute to further increases in output per head, and revenue per customer in future periods.

In view of the substantial pipeline of future demand, the time is now right to expand the operational capability at Weston to include a pilot production line and to update the design of key unique components. The Board has approved total capital expenditure of more than £2m over the next twelve to eighteen months to fulfil these

approved total capital expenditure of more than £2m over the next twelve to eighteen months to fund these requirements, of which more than £1m will comprise production equipment. The remaining investment will fund the redesign of the custom Application Specific Integrated Circuit (ASIC) and All Quartz Package (AQP) to bring their architecture in line with contemporary wafer production techniques, increasing longevity and reducing unit costs.

These investments can be funded from existing resources, although asset backed funding may also be appropriate for the production equipment to maximise headroom and flexibility, and is being explored.

Translogik

Revenue in the Period grew by 7 per cent compared with the Prior Period, reflecting good progress in run rate business from existing customers. The pipeline of new business in negotiation and on enquiry is also building well. The conversion of these opportunities to revenue is currently slightly behind target, however momentum is building.

Progress has been made in penetrating new markets, most notably the appointment of a distributor in Southeast Asia and the conclusion of a software partnership with TIRETASK GmbH to facilitate the launch of sale by subscription service. The first UK fleet contract under this model is in the final stages of negotiation and completion is anticipated soon.

Translogik also expects, subject to contract, to appoint at least one distributor in North America before the end of the financial year.

The transition of production from an outsourced model to in-house at Weston is complete without any significant disruption, generating the expected improvements in product quality, customer service and unit costs. This also offers the flexibility to increase production capacity and improve lead times to cope with future increases in demand. Engineering resource has also been added to progress new product development ideas to improve and extend the current product range. These developments have resulted in an increase in headcount for Translogik from one to four over the last twelve months, which will be sufficient to deliver substantially increased revenue in future without incurring further fixed overhead.

Bridgestone iTrack royalty income

Royalty revenue from Bridgestone iTrack was 28 per cent ahead of the Prior Period at £1.57m (FY24H1: £1.23m) which reflected stronger than expected conversion of the commercial pipeline. The annual run rate of royalty at the end of the Period was £3.34m at the current exchange rate of £1 = US 1.22. Approximately 30 per cent of the royalty income due in the second half of the year has been hedged at US 1.27, however in view of the current weakness of sterling against the US dollar no further hedging has taken place for the last quarter of FY25 or beyond.

As previously indicated, and in accordance with the terms of the agreement with Bridgestone, the unit rate of royalty income per installation reduces by 40 per cent with effect from 1 July 2025, however the pipeline indicates continuing healthy growth in volume.

Outlook

All three business segments have increased the level of new business opportunities during the Period, and are well placed to continue expanding in line with the expected growth trajectory. Conversion to revenue in both SAWsense and from Bridgestone iTrack is well underway, and there are clear indications that Translogik will deliver significant additional customer accounts in the second half of the financial year.

The Directors consider that this is an opportune time to invest in the people and infrastructure required to fulfil the evident strategic growth potential. The recruitment process is largely complete, and work is well underway in specifying the production equipment and supply chain activity needed to support long term volume prospects.

Change of Nomad and broker

The Company also announces the appointment of Cavendish Capital Markets as its nominated adviser and sole broker with immediate effect.

Notice of Interim results and Investor presentation

Transense expects to announce Interim results for the Period on Tuesday 18 February 2025.

Nigel Rogers (Executive Chairman), Ryan Maughan (Managing Director) and Melvyn Segal (Chief Financial Officer) will provide a live presentation relating to the Interim Results via Investor Meet Company on 18 February 2025 at 4pm GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 17 Feb 2025, 09:00 BST, or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Transense via:

<https://www.investormeetcompany.com/transense-technologies-plc/register-investor>

Investors who already follow the Company on the Investor Meet Company platform will automatically be invited.

Commenting on the trading update, Nigel Rogers, Executive Chairman, said:

Commenting on the trading update, Nigel Rogers, Executive Chairman, said,

"The first six months of the financial year has seen us continue the strong underlying growth, whilst successfully recruiting a team that can take the business to the next level of performance. We remain in line with market expectations in the current year, and the opportunities ahead of us give us significant optimism for the future. SAWsense is making excellent progress and the pipeline for Translogik is also very encouraging.

The Bridgestone iTrack licence is approaching its fifth anniversary in June 2025, marking the half way point of its duration. Although unit royalty rates per installation will decrease next year, there is momentum behind the installed base indicating continued strong income flow for the next five years. We will continue to reinvest some of this in the two operating businesses, both in people and infrastructure, to support our long term growth expectations."

For further information please visit www.transense.com or contact:

Transense Technologies plc
Nigel Rogers (Executive Chairman)
Ryan Maughan (Managing Director)
Melvyn Segal (Chief Financial Officer)

Via Investor Relations
(see below)

Cavendish Capital Market Limited (Nominated Adviser and Broker)

Adrian Hadden / Callum Davidson (Corporate Finance)
Jasper Berry (Sales)

Investor Relations
Anice McNamee

Tel: +44 (0)1869 238380
investor.relations@transense.co.uk

Notes to Editors:

Transense is headquartered in Oxfordshire, UK and its shares are traded on AIM, a market operated by the London Stock Exchange (AIM: TRT). The Company develops and supplies advanced sensor technology and measurement solutions used by some of the world's leading companies to improve performance, efficiency, and safety in demanding, mission critical applications. Transense currently operates through two active business segments:

- SAWsense - designs, supplies and licences advanced sensor solutions based on proven, patent protected Surface Acoustic Wave (SAW) technology to world leading companies in aerospace, automotive, and industrial machinery (including robotics), enabling improved efficiency and performance of their products. Key customers include GE Aerospace, Parker Meggitt, McLaren Applied, Airbus and several other confidential Tier One automotive, aerospace and industrial machinery suppliers.
- Translogik - develops smart, connected commercial vehicle tyre inspection equipment to many of the world's leading tyre suppliers, fleet operators and service centres. Enabling accurate measurement and digital capture of safety-critical tyre condition data, used to reduce operating costs, improve safety and provide audit records for regulatory compliance. Key customers include Bridgestone, Goodyear, Continental and Prometeon (Pirelli), and leading independent providers of vehicle fleet maintenance management software.

In addition, Transense earns residual royalty income from Bridgestone iTrack - a tyre monitoring system for off-highway vehicles that was developed by Translogik. The associated sales, support and development infrastructure were sold to Bridgestone Corporation, the world's largest tyre producer, in June 2020, and the intellectual property was licensed exclusively to Bridgestone under a ten-year deal expiring in 2030.

Find out more at: <https://www.transense.com/>

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