
Innovation & Growth Forum

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Trackwise is an established business manufacturing interconnectors using printed circuit technology for a world-wide customer base

- Founded in 1989, Admitted to AIM in July 2018; net proceeds to the company of £4.6 million
- Trackwise has two divisions both manufacturing products using printed circuit technology
- Customers buy from Trackwise specialist products – RF/antenna circuits and innovative wire harness replacement
- The RF business has funded the development of the patented and unique, proprietary technology - for the production of length-unlimited multi-layer flexible printed circuit boards – **Improved Harness Technology™** or IHT.
- Based in Tewkesbury, Gloucestershire.
- 53 employees

Radio Frequency (RF) division is experienced practitioner in this specialist field

Core RF business, established customer base with over 25-year track record

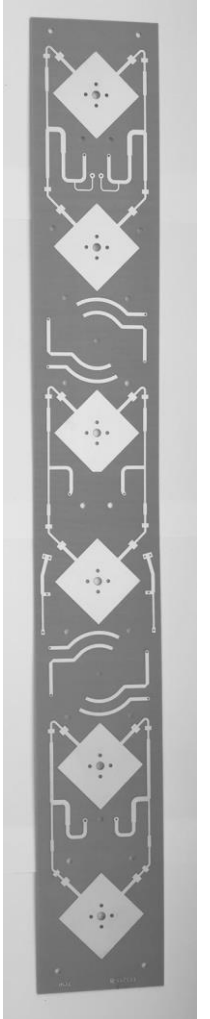
Printed antennas for mobile phone networks:

- Current demand for 4G
 - Roll out of 5G is expected to underpin future demand and growth
 - Multiple other RF applications
 - Business is profitable
 - Stable gross margin
-

Long standing customer relationships:
60% of sales from top four customers over last five years

In excess of 65% of output is exported

The directors believe that relatively low volumes and specialist nature give some protection from global competition



Trackwise has developed an industry changing extension to a proven solution to replace conventional wire harness - with potential benefits wherever wire is used

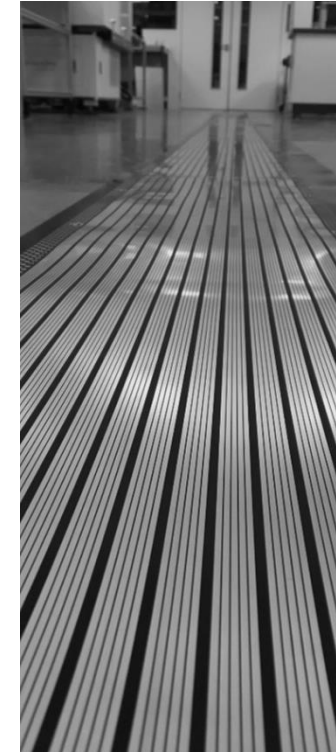
Flex PCBs is a multi billion-dollar worldwide industry – with application limited by size. IHT has removed that limit – length unlimited

Improved Harness Technology™ is patented : granted in UK, EU, US and China with pending applications in Brazil and Canada

Significant improvements include:

- Weight reduction up to 75% on existing technology
- Improved precision, improved reliability, improved performance
- Ability to support distributed electronics
- Machine-intensive production

These are proven benefits



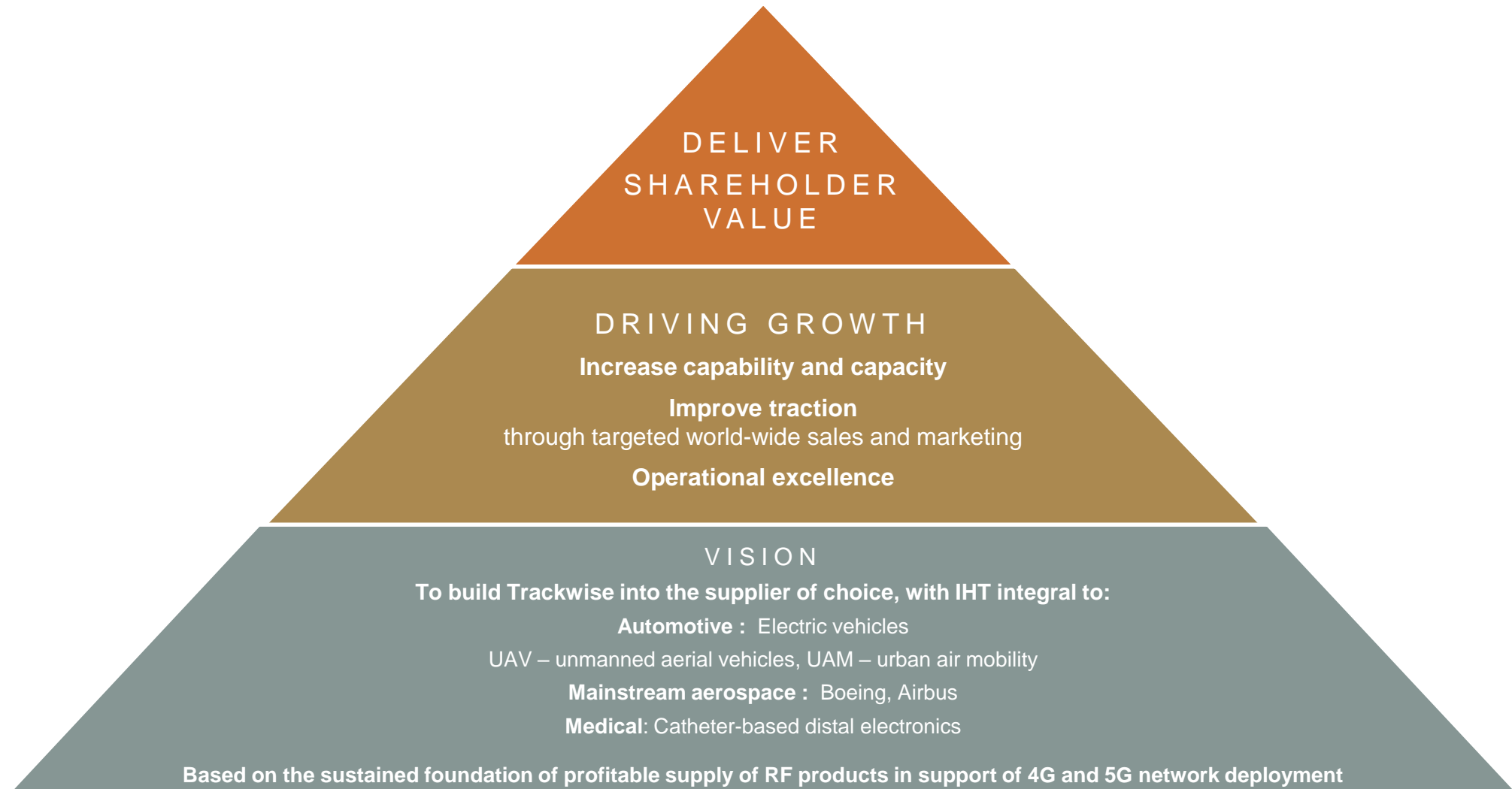
Main competitor is incumbent technology; no change from conventional wire harness

Some PCB competitors (US, EU, Japan) overlap selected parts of Trackwise offering

IHT is unique

Patent, know-how and first mover advantage are key to future success

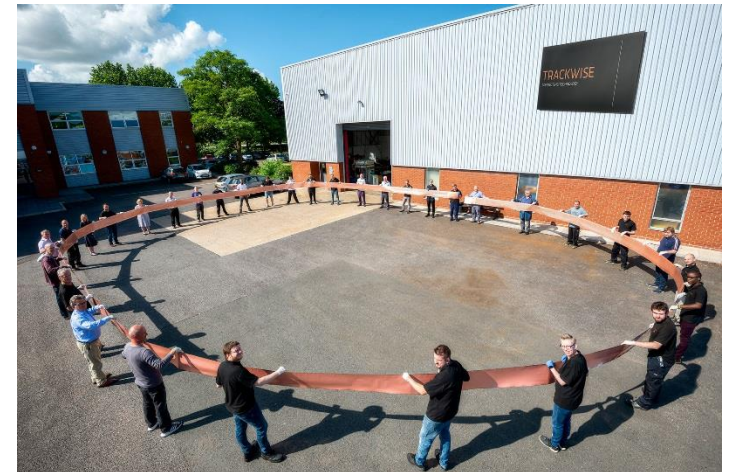
Ongoing R&D to develop further capability, competitive advantage and also new products



CAPITAL INVESTMENT SINCE IPO

- Investment is delivering increased capability and capacity to deliver IHT roll to roll – enhances length-unlimited and cost-effective volume manufacture
- Two strategic capex investments (£1.4M) installed in 2019
- Investments also benefit RF division
- Capability for Vertical Continuous plating installed
- 300% efficiency benefits from the installation of the Vertical Plating line

50m long multilayer flex – believed to be the largest ever made:



HAPS, UAM

Supplied second ship set to HAPS customer

Discussions underway with multiple UAM developers

Electric vehicle battery packs

Extensive developments with Arrival Ltd.
Production expected to start in 2020

Scale up RFQs issued from both UK and EU battery pack manufacturers

Space

Collaboration with large EU spacecraft OEM – both spacecraft and solar array

Qualification underway for first flight hardware

Civil Aviation

Signed wing ice protection collaboration with GKN

Study underway into use of IHT within 'Wing of tomorrow'

Multiple conversations with aircraft interiors developers

Growing US market awareness

Scientific, Industrial

CERN contract proceeding to plan

Medical devices emerging as a key opportunity

Wind turbine deicing

Factory floor WiFi antennas

Pipeline leak detection

Nuclear fusion

RF BUSINESS - Macro impacts

- H1 challenges from macro and market factors continue, including Brexit ,T Mobile / Sprint merger, USA/China, Global downturn
 - RF revenue H1 2019 £1,000k (2018: £1,515k)
- 5G is a significant inflexion point in the industry:
 - New antenna technology – e.g. Massive MIMO
 - Industry consolidation – e.g. Ericsson acquisition of Kathrein
 - US pressure on Huawei
- Trackwise well positioned to benefit from 5G; timescales for implementation at scale remain uncertain

2019 H1 – Financials

- Negative impact from increased global uncertainty; trade tensions, Brexit and corporate activity
- Revenues £1.547M, down 16%
- **IHT revenues – up 65%**
- Margins improving due to product mix
- Net Cash balances of £1.408M
- FY Trading Update: Revenue £2.9M, operating profit of £0.2M.
- Positive outlook for 2020

	H1 2019 £'000	H1 2018 £'000	FY 2018 £'000
Revenues	1,547	1,846	3,468
Gross margin	586	729	1,052
Operating Profit	(59)	113	125
Share based payment	127	-	155
Move costs		41	45
Adjusted Operating profit	68	113	325
EBITDA	230	347	618

Positive outlook for 2020 and beyond

Medium-term outlook for Trackwise remains extremely positive

Principally driven by strong IHT growth in revenues and enquiries

Initial positive signs for an improving outlook in RF

Seeing customers progress from initial IHT trials through to the discussion of significant orders for volume production

Total IHT customers and opportunities increased to 68 at year end (H1 2019: 57, FY18: 31)

Confident of positive progress in 2020, which should see IHT becoming our principle revenue stream

Trackwise has proven technology with proven benefits and a significant demand-led market opportunity

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Appendix



Shareholder	% holding
Miton Asset Management	12.77
Octopus Investment	11.28
Unicorn Asset Management	11.28
Adare Sladen	5.79
William De Winton	3.45
Shard Capital	2.85
Philip Johnston ⁽¹⁾	45.28
Mark Hodgkins	0.38
Ian Griffiths	0.10
Lesley Jackson	0.19

(1) Included in the holding of Philip Johnston are shares held by his wife, Amanda Johnston

Non-Executive Chairman: Ian Griffiths

Ian brings wide-ranging international experience of the engineering business-to-business sector at both strategic and operational levels, having spent nearly 30 years with GKN plc. Ian served as a Non-Executive Director on the Board of Ultra Electronics Holdings plc from 2003 to 2012. He has been a Non-Executive director of Renold plc since 2010 where he also chairs the Remuneration Committee and was Chairman of Hydro International plc which he joined as a Non-Executive Director and Chairman-elect in October 2014. He is also Non-Executive Director of AIM listed Autins Group plc, which he joined in 2016.

CEO: Philip Johnston

Philip's early career was in the space industry which included a key management role in the Prime Contractor team for Envisat, a large European satellite, managing multi million ECU work packages involving different companies across Europe.

Philip joined Trackwise in 1999 and acquired the Company in 2000. Under his stewardship, the Company has enjoyed sustained growth based largely through export success and innovation. Philip is named inventor on a number of UK and international patents – including IHT - and he has led several government supported R&D consortiums including a European CleanSky programme. Philip holds degrees in both Aeronautical Engineering and Law.

NED: Lesley Jackson

Latterly Group CFO Stock Spirits Group plc. Led business through turnaround following profit warnings and activist shareholder involvement. Completed successful premium listing of the business and exit for PE shareholders on LSE. Developed strong relationships with non executive directors, shareholders, bankers and investor community (buy and sell side analysts). Development of business processes and corporate governance for operating as a public company. Establishment of Investor relations activity. Reduction in cost of debt and tax burden.

CFO: Mark Hodgkins

Mark is a Chartered Accountant, a former partner with both Grant Thornton and with Ernst & Young. Since 2005 he has served as CEO of several engineering businesses and a private industrial holding company.

As well as his role with Trackwise; from May. 2016, Mark is currently a director of EnSilica Limited a growing private fabless chip design business where he is responsible for overseeing the management's delivery of its growth strategy and driving improvements to corporate governance.