

**TRAKM8 HOLDINGS PLC**  
("Trakm8" or "the Group")

**Half Year Results**

*Significant momentum in revenues and profit*

Trakm8 Holdings plc, the telematics and data provider to the global market place is pleased to announce its unaudited results for the six months ended 30 September 2015:

**Highlights**

	<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited	Change
	<b>£'000</b>	£'000	£'000	
Revenue	<b>11,726</b>	8,478	17,853	38%
Of which, Recurring Revenue	<b>3,976</b>	2,404	5,580	65%
Adjusted Earnings before interest, tax, depreciation & amortisation*	<b>1,922</b>	1,130	2,597	70%
Adjusted Profit before tax*	<b>1,478</b>	782	1,819	89%
Net cash and cash equivalents	<b>1,423</b>	1,914	3,408	
Adjusted earnings per share*	<b>5.08p</b>	2.70p	6.24p	

\*Adjustment for exceptional costs of acquisitions and share based payments

**Financial Highlights**

- Revenues increased by 38%. Like for like revenues up 30%; recurring revenues up by 65%
- Orders received increased by 29%. Like for like orders received up 21%
- Adjusted EBITDA increased by 70%
- Adjusted profit before tax increased by 89% to £1.48m (2014: £0.78m)
- Strong net cash generation compared to previous half years

**Operating highlights**

- New contract awards and extensions including with Bibby Distribution Ltd
- Acquisition of trade and assets of DCS Systems Ltd ("DCS")
  - Integrated and earnings enhancing
- Installed base continues to grow
  - approximately 135,000 units (2014: 77,000) reporting to our servers

**Current trading**

- Benefit of new contracts together with strong order pipeline
- Expect to modestly exceed current expectations

**John Watkins, Executive Chairman of Trakm8 said:**

“Trakm8 has had another strong period of growth from existing and new customers leading to today’s results being ahead of our previous expectations. The installed base of devices reporting to our servers continues to increase rapidly and these recurring revenues are the core of Trakm8’s business model and financial security. The acquisition of the DCS business is meeting our initial expectations and is proving a good platform for our strategic goals to integrate video data with our other data services.

“We continue to be well placed to grow the Group through investment and acquisitions. Recent contract wins and the stronger than budgeted start to the year mean we now believe that we will modestly exceed the current market expectations for the year as a whole.”

**For further information, please visit [www.trakm8.com](http://www.trakm8.com) or contact:**

<b>Trakm8 Holdings plc</b> John Watkins, Executive Chairman James Hedges, Finance Director	01747 858 444
<b>MHP Communications</b> Reg Hoare / Jade Neal / Charlotte Coulson	020 3128 8100
<b>finnCap (Nominated Adviser and Broker)</b> Ed Frisby / Simon Hicks – Corporate finance Joanna Scott – Corporate broking	020 7220 0500

**About Trakm8**

Trakm8 uses Big Data analytics to improve driver behaviour, and to maintain its status as a leading technology designer, developer and manufacturer of telematics products and solutions.

The Trakm8 Group, based in Shaftesbury, Dorset, distributes its hardware and software through a network of distributors worldwide. In addition, the company provides vehicle monitoring and tracking services direct to the B2B market. Trakm8’s IP owned products and services allow vehicles and drivers to be monitored, giving organisations the ability to manage their deliveries and services, or to track stolen vehicles down to a distance of five metres.

In June 2015, the Trakm8 Group acquired the business and assets of DCS Systems Ltd, who specialise in the design and distribution of camera systems for the automotive, bicycle and security markets. This further strengthens Trakm8’s offering into the telematics marketplace, with the acquisition based on the market’s demand for forward facing vehicle cameras which enable customers to record driving incidents and mitigate the risk from “crash to cash” accidents.

Trakm8’s most recent generation of hardware is the T10 product range, which includes a self-installed telematics device. The Group’s services also include a driver behaviour management solution that can reduce fuel consumption by over 10% whilst reducing the risk of accidents. This is complemented by a logistics routing and scheduling package, integrated tachograph data reporting facilities, and the ability to read vehicle DTCs (Diagnostic Trouble Codes) promoting preventative maintenance and reducing service downtime.

The Group’s customers include the AA, St Gobain, EON, Direct Line Group, & Young Marmalade.

Trakm8 has been listed on the AIM market of the London Stock Exchange since 2005.  
[www.trakm8.com](http://www.trakm8.com) / @Trakm8

## **Executive Chairman's Statement**

### **Results**

I am pleased to report Trakm8's results for the six months ended 30 September 2015.

Revenues grew 38% in the period to £11.7m (2014: £8.5m). This comprises 58% growth in Trakm8's core Solutions business to £7.9m (2014: £5.0m). Products sales increased by 10% to £3.8m (2014: £3.5m). The value of new orders received during the period continued the good trend of recent years and were up by 21% (excluding DCS). This reinforces the confidence we have that strong organic growth can be maintained.

Adjusted profit before tax increased by 89% to £1.48m (2014: £0.78m). The adjusted profit excludes the share based payment charge of £0.08m and exceptional costs of £0.16m related to the acquisition of DCS. Adjusted earnings per share has increased by 88% to 5.08p (2014: 2.70p).

Total recurring revenues increased by 65% during the period to £4.0m (2014: £2.4m), which are generated from increased numbers of units reporting to our servers. These revenues remain the core of the Group's business model and financial security. Gross margin percentages have also benefited from the higher levels of service revenues.

It is pleasing to note the positive cash generation during the period. Total cash generated in the six months from operating activities was £1.29m which exceeds the total cash from operating activities we generated during the year to March 2015. Our total cash balance as at September 2015 was £1.4m. To assist with the funding of the DCS acquisition in June which cost £3.3m, Trakm8 obtained a further debt facility from HSBC Bank of an additional £2 million taking its total debt facility to £5.7 million.

### **Operations**

During the period we introduced a new Bluetooth variant of our self-install telematics device – the T10 micro (BLE) - and have delivered it to customers in the UK and USA. Further T10 versions will be ready for manufacturing launch in January 2016.

The data analytics from our data science team has been used to create service, driver risk scoring and FNOL (first notification of loss) algorithms that are proving to be of great interest to current and potential customers. We have also identified opportunities to sell some of our data in an anonymised format.

A suite of Apps for deeper customer interaction has been developed for both the B2B and B2C markets.

First customers are seeing Swift 7 front end as part of our move to a completely new system architecture in readiness for much higher levels of device and data management.

Following the acquisition of the DCS business, we have scaled up the development of the deeper integration of video with our telematics data services. We have launched the first of these solutions and expect to follow these with further generations with greater functionality and more valuable data.

We continue to invest in human resources and fixed assets. Our capex of £0.5m has been high during this period but we believe we have now completed some key short term investments in order to prepare for stronger growth levels. The IT investment in customer support and device management has significantly improved the service levels to our customers. A second new automated pcb assembly line has been installed, with a number of automated test processes built into the line for improved quality assurance. Our engineering teams have been further expanded to meet the growing opportunities that we have. Total investment in research and development in the period was in excess of £1 million and we have capitalised £0.58m of these costs. The benefits of these developments continue to be realised in the range of new solutions described above.

We analyse our revenues in two ways:

### **Solution Sales**

This area of sales comprises Fleet Management, Insurance and Vehicle Service Solution revenues including associated engineering services.

Recurring revenues from this base have grown by 66% to £4.0m (2014: £2.4m) and now represents 34% of Group revenues. There has been strong growth of both our Fleet Management and Insurance Solutions. The first customer for our Vehicle Service Solution launched during this period. At the period end we had approximately 135,000 units reporting to our servers being an increase of 74% over last year.

In addition there were several small customer funded engineering projects completed during the period.

Overall, Solution sales were 58% greater than the same period of 2014 at £7.9m (2014: £5.0m) and represent 68% of the Group total (2014: 59%)

We have expanded our sales resource and as a result developed a good pipeline of opportunities, with a large number of significant trials in progress. We anticipate that revenues will continue to grow strongly in this area.

### **Product Sales**

This area of sales comprises all the hardware revenues from our sales to other telematics integrators and to our manufacturing services customers.

Total revenues amounted to £3.8m representing 32% of the Group total and an increase of 10% on last year (2014: £3.5m). Sales of products, excluding DCS camera sales of £0.6m, were £0.4m down on last year due to the elimination of a number of lower value added manufacturing service customers and the focus onto core telematics device shipments to our Solutions customers. In addition, during the period, BOX manufactured £1.8m of telematics devices for Trakm8, an increase of 63% on the previous year, which has had a positive impact on Group profitability.

Since the acquisition in June of the trade and assets of DCS, sales of cameras have performed well and in line with our expectations. Volvo Car UK have recently listed the Roadhawk camera in their official accessories as part of a new contract and TNT have placed an order after a trial that found 56% of drivers stated the camera's presence had caused them to change their driving behaviour for the better and three quarters felt the cameras improved their personal safety and security.

### **Strategy**

The Group has been following the strategy outlined in the 2015 Annual Report. Our focus is to sell more devices reporting to our servers and their associated service revenues, along with the use of the considerable data we now derive from these devices to sell driver behaviour, risk analysis and vehicle service management knowledge.

In addition to the excellent organic growth potential of this market, we have consistently stated that Trakm8's strong financial business model, the cash generation and solid balance sheet would enable the Group to consider further acquisitions alongside the organic growth strategy. We believe that the acquisition of the DCS business met our strategic objectives. Now that DCS is operating to our satisfaction, we continue to assess further acquisition opportunities to enhance our organic growth.

### **Outlook**

The Group believes that we will continue to successfully execute our outlined strategy and as a consequence deliver growth in shareholder value. The second halves of our financial years have consistently shown increasing revenues including service revenues over the first half. This year we expect that this will be true

again. This, along with a full period effect of DCS, means that we expect second half of the year revenues will be considerably ahead of the first six months.

At the time of our Final Results in July we indicated that we expected to modestly exceed the market's then current expectations. The Board is now confident that the results for the year ending 31<sup>st</sup> March 2016 will again modestly exceed the market's current expectations.

**JOHN WATKINS**  
**Executive Chairman**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the six months to 30 September 2015

	<i>Note</i>	<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited
		<b>£'000</b>	£'000	£'000
<b>Continuing operations</b>				
<b>Revenue</b>		<b>11,726</b>	8,478	17,853
Cost of sales		<b>(6,140)</b>	(4,545)	(9,792)
<b>Gross profit</b>		<b>5,586</b>	3,933	8,061
Administrative expenses		<b>(4,145)</b>	(3,181)	(6,301)
<b>Operating Profit before exceptional items</b>		<b>1,441</b>	752	1,760
Exceptional items	5	<b>(159)</b>	-	-
<b>Operating Profit</b>		<b>1,282</b>	752	1,760
Finance costs		<b>(41)</b>	(35)	(58)
<b>Profit before taxation</b>		<b>1,241</b>	717	1,702
Income tax		-	-	(13)
<b>Profit attributable to the owners of the parent</b>		<b>1,241</b>	717	1,689
<b>Other Comprehensive Income</b>				
Currency translation differences		-	-	(4)
<b>Total Comprehensive Income for the period attributable to owners of the parent</b>		<b>1,241</b>	717	1,685
<b>Adjusted EBITDA</b>		<b>1,922</b>	1,130	2,597
Basic earnings per share (pence)	6	<b>4.26</b>	2.48	5.84
Diluted earnings per share (pence)	6	<b>4.00</b>	2.35	5.48

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months to 30 September 2015

	Share capital	Share premium	Merger reserve	Translation reserve	Treasury Reserve	Retained earnings	Total equity attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2014</b>	<b>289</b>	<b>3,641</b>	<b>510</b>	<b>200</b>	-	<b>492</b>	<b>5,132</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	-	-	717	717
<b>Total comprehensive income</b>	-	-	-	-	-	717	717
<b>Transactions with owners</b>							
Shares issued	1	12	-	-	-	-	13
Sale of own shares	-	-	-	-	-	48	48
IFRS2 Share based payments	-	-	-	-	-	65	65
<b>Transactions with owners</b>	<b>1</b>	<b>12</b>	-	-	-	<b>113</b>	<b>126</b>
<b>Balance as at 30 Sept 2014</b>	<b>290</b>	<b>3,653</b>	<b>510</b>	<b>200</b>	-	<b>1,322</b>	<b>5,975</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	-	-	972	972
<b>Other comprehensive income</b>							
Exchange differences on translation of overseas operations	-	-	-	(4)	-	-	(4)
<b>Total comprehensive income</b>	-	-	-	(4)	-	972	968
<b>Transactions with owners</b>							
Shares issued	-	-	-	-	-	-	-
Reclassification of previous Treasury Share Transactions	-	67	-	-	(23)	(44)	-
Reclassification of Sale of own shares	-	37	-	-	11	(48)	-
IFRS2 Share based payments	-	-	-	-	-	52	52
<b>Transactions with owners</b>	-	<b>104</b>	-	-	<b>(12)</b>	<b>(40)</b>	<b>52</b>
<b>Balance as at 31 March 2015</b>	<b>290</b>	<b>3,757</b>	<b>510</b>	<b>196</b>	<b>(12)</b>	<b>2,254</b>	<b>6,995</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	-	-	1,241	1,241
<b>Total comprehensive income</b>	-	-	-	-	-	1,241	1,241
<b>Transactions with owners</b>							
Shares issued	11	129	-	-	-	-	140
Sale of own shares	-	73	-	-	7	-	80
IFRS2 Share based payments	-	-	-	-	-	78	78
<b>Transactions with owners</b>	<b>11</b>	<b>202</b>	-	-	<b>7</b>	<b>78</b>	<b>298</b>
<b>Balance as at 30 Sept 2015</b>	<b>301</b>	<b>3,959</b>	<b>510</b>	<b>196</b>	<b>(5)</b>	<b>3,573</b>	<b>8,534</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2015

	<b>30 September 2015 Unaudited</b>	30 September 2014 Unaudited	31 March 2015 Audited
	£'000	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	6,379	3,415	3,599
Plant, property and equipment	1,656	1,289	1,300
Deferred income tax asset	666	753	666
	<b>8,701</b>	<b>5,457</b>	<b>5,565</b>
<b>Current assets</b>			
Inventories	2,579	1,288	1,493
Trade and other receivables	4,588	4,052	4,912
Cash and cash equivalents	1,423	1,914	3,408
	<b>8,590</b>	<b>7,254</b>	<b>9,813</b>
<b>Current liabilities</b>			
Trade and other payables	(4,964)	(4,533)	(5,431)
Borrowings	(583)	(500)	(576)
Obligations under finance leases and hire purchase Agreements	(26)	-	-
Provisions	(92)	-	(92)
	<b>(5,665)</b>	<b>(5,033)</b>	<b>(6,099)</b>
<b>Current assets less current liabilities</b>	<b>2,925</b>	<b>2,221</b>	<b>3,714</b>
<b>Total assets less current liabilities</b>	<b>11,626</b>	<b>7,678</b>	<b>9,279</b>
<b>Non-current liabilities</b>			
Borrowings	(2,943)	(1,542)	(2,236)
Obligations under finance leases and hire purchase Agreements	(101)	-	-
Provisions	(48)	(161)	(48)
	<b>(3,092)</b>	<b>(1,703)</b>	<b>(2,284)</b>
<b>Net assets</b>	<b>8,534</b>	<b>5,975</b>	<b>6,995</b>
<b>Equity</b>			
	<i>Note</i>		
Called up share capital	6	301	290
Share premium		3,959	3,653
Merger reserve		510	510
Translation reserve		196	200
Treasury reserve		(5)	-
Retained profit / (loss)		3,573	1,322
<b>Total equity attributable to owners of the parent</b>		<b>8,534</b>	<b>5,975</b>



**CONSOLIDATED CASH FLOW STATEMENT**  
for the six months to 30 September 2015

		<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited
	<i>Note</i>	<b>£'000</b>	£'000	£'000
<b>Net cash inflow / (outflow) from operating activities</b>	<b>7</b>	<b>1,295</b>	(197)	1,128
<b>Cash flows from investing activities</b>				
Acquisition of trade and assets of DCS Systems Ltd		<b>(3,275)</b>	-	-
Acquisition of subsidiary (net of cash)		-	-	(5)
Purchases of property, plant and equipment		<b>(505)</b>	(243)	(355)
Proceeds from sale of plant		<b>48</b>	-	10
Capitalised Development costs		<b>(581)</b>	(368)	(862)
Net cash used in investing activities		<b>(4,314)</b>	(611)	(1,212)
<b>Cash flows from financing activities</b>				
Issue of new shares		<b>140</b>	12	12
Sale of treasury shares		<b>80</b>	49	49
New bank loan		<b>1,000</b>	-	3,000
New hire purchase contract		<b>102</b>	-	-
Repayment of loans		<b>(288)</b>	(250)	(2,480)
Net cash used in financing activities		<b>1,034</b>	(189)	581
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,985)</b>	(997)	497
Cash and cash equivalents at beginning of period		<b>3,408</b>	2,911	2,911
<b>Cash and cash equivalents at end of period</b>		<b>1,423</b>	1,914	3,408

## Notes to the financial information (unaudited)

- The financial information contained in this interim statement has not been audited or reviewed by the Group's auditor and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Directors approved and authorised this interim statement on 20 November 2015. The financial information for the preceding full year is extracted from the statutory accounts for the financial year ended 31 March 2015. Those accounts, upon which the auditor issued an unqualified opinion and did not include a statement under Section 498(2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies.
- Trakm8 Holdings PLC is a public limited company incorporated in the United Kingdom under the Companies Act 2006. Trakm8 is domiciled in the United Kingdom and its ordinary shares are traded on AIM, the market operated by the London Stock Exchange plc.
- As permitted this Interim Report has been prepared in accordance with UK AIM Rules for Companies and not in accordance with IAS 34 "Interim Financial Reporting" and therefore is not fully in compliance with IFRS. The Interim results have been prepared in a manner consistent with the accounting policies set out in the statutory accounts for the financial year ending 31 March 2015.
- Profit per ordinary share attributable to the owners of the parent

	<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited
	<b>£'000</b>	£'000	£'000
Profit attributable to the owners of the parent	<b>1,241</b>	717	1,685

- Exceptional costs

	<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited
	<b>£'000</b>	£'000	£'000
Exceptional costs	<b>159</b>	-	-

On 15 June 2015 Trakm8 Limited completed the acquisition of the trade and assets of DCS Systems Ltd. The exceptional costs related to costs incurred in connection with the acquisition.

- Shares in issue

Weighted average number of ordinary shares in issue:

	<b>Six months to 30 September 2015 Unaudited</b>	Six months to 30 September 2014 Unaudited	Year to 31 March 2015 Audited
	<b>No. '000</b>	No. '000	No. '000
Basic	<b>29,124</b>	28,914	28,974
Diluted	<b><u>30,611</u></b>	<u>30,521</u>	<u>30,823</u>

7. Acquisition of trade and assets of DCS Systems Ltd

On 15<sup>th</sup> June 2015 Trakm8 acquired the trade and assets of DCS Systems Ltd (“DCS”) which specialises in the design and distribution of camera systems for the motor vehicle, bicycle and security markets.

An initial review of the assets acquired is detailed below:-

	£'000
Intangible assets	320
Inventories	726
Debtors	93
Creditors	(44)
Net assets acquired	<u>1,095</u>
Goodwill	<u>2,180</u>
Total consideration	<u>3,275</u>
Satisfied by:-	
Cash	<u>3,275</u>

As part of the acquisition Trakm8 obtained an increased debt facility with HSBC of £2m. As at 30 September 2015 the Group’s total debt facilities were £5.5m of which £3.5m have been drawn.

8. Reconciliation of cash flows from operating activities:

	<b>Six months to 30 September 2015 Unaudited £'000</b>	Six months to 30 September 2014 Unaudited £'000	Year to 31 March 2015 Audited £'000
<b>Net profit before taxation</b>	<b>1,241</b>	717	1,702
Adjustments for:			
Depreciation	<b>120</b>	110	202
Bank and other interest charges	<b>41</b>	35	58
Amortisation of intangible assets	<b>282</b>	203	517
Share based payment expense	<b>78</b>	65	117
<b>Operating cashflows before movement in working capital</b>	<b>1,762</b>	1,130	2,596
Retranslation of overseas operations	<b>1</b>	-	(4)
Movement in inventories	<b>(360)</b>	(8)	(212)
Movement in trade and other receivables	<b>443</b>	(782)	(1,642)
Movement in trade and other payables	<b>(510)</b>	(502)	395
Movement in provisions	-	-	(21)
<b>Cash generated from / (used in) operations</b>	<b>1,336</b>	(162)	1,112
Interest paid	<b>(41)</b>	(35)	(58)
Interest received	-	-	-
Income taxes received	-	-	74
<b>Net cash generated from / (used in) operating activities</b>	<b>1,295</b>	(197)	1,128

9. Copies of the report are available on the Group's website [www.trakm8.com](http://www.trakm8.com) and also from the registered office of Trakm8 Holdings PLC. The address of the registered office is:  
Lydden House, Wincombe Business Park, Shaftesbury, Dorset, SP7 9QJ.