27 November 2017

TRAKM8 HOLDINGS PLC

("Trakm8" or the "Group")

Half Year Results

Organic growth strategy delivering enhanced earnings and debt reduction

Trakm8 Holdings plc (AIM: TRAK), the global telematics and data insight provider, announces its unaudited results for the six months ended 30 September 2017:

Financial Highlights

	6 months to 30 Sept 2017 Unaudited £'000	6 months to 30 Sept 2016 Unaudited £'000	Year to 31 March 2017 Audited £'000	Change
Revenue	**14,752**	13,181	26,759	12%
of which, recurring revenue[1]	**5,482**	4,687	9,842	17%
Operating profit	**806**	362	858	123%
Adjusted operating profit[2]	**1,049**	589	1,321	78%
Cash generated from operating activities	**3,574**	128	668	2,692%
Profit before tax	**726**	282	693	157%
Adjusted basic earnings per share[2]	**3.56p**	1.58p	5.81p	125%
Basic earnings per share	**2.97p**	0.88p	4.51p	238%

- 29% Solutions revenue growth (core telematics business)
- 17% growth in recurring revenues
- 35% Products revenue decline as planned exit from Contract electronic manufacturing (CEM) progressed
- Net debt[3] reduced to £2.32m (2016: £4.40m) (FY2017: £3.87m)

[1] *Fees from service, support and data*
[2] *Adjustment for exceptional costs of operational restructuring and share based payments*
[3] *Total borrowings less cash*

Operating highlights

- Continuation of underlying organic growth:
  - New contract awards with major clients Intelematics Europe, Calor Gas and Mecalac and extensions with Iceland Foods, Shell, and DLG
  - Installed base continues to grow strongly from existing and new customers:
    - approximately 217,000 connections (Sept 2016: 177,000 connections), an increase of 27,000 connections (14%) in the six month period since last year end

- A year of planned investment for future growth:
  - Continued additional investment in engineering, sales and marketing resource totalling c.£1.2m in the period
  - Roll out of highly innovative new technologies to major customers

- Cessation of contract electronic manufacturing to provide capacity for more in house product build in support of solution sales and business simplification
- Operational costs reduced further by c.£0.8m for the six month period

John Watkins, Executive Chairman of Trakm8 said:

"Trakm8 has had a period of good organic growth from existing and new customers. The installed base of devices continues to increase resulting in growing recurring revenues which are the core of Trakm8's long term growth and predictability."

"First half profitability has been very much in line with expectations and is a positive improvement on last year's result."

"The £1.55m reduction of net debt since the start of the financial year provides the improved balance sheet to support growth."

"We anticipate a stronger second half as usual. With our strong range of substantial new contracts in place, and as a result of increased sales and marketing activity, we have visibility to support our second half expectations."

"The outcome for the full year is less dependent on securing contracts from new customers than in previous years. The outcome is dependent on existing customer contracts where there is a level of uncertainty of end user demand. The Board remains confident that the market expectations will be met for the full year."

For further information, please visit www.trakm8.com or contact:

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A meeting for analysts will be held at Buchanan, 107 Cheapside, London, EC2V 6DN today, Monday 27 November 2017, commencing at 9:30a.m. Trakm8's Half Year Results 2018 are available at www.trakm8.com

About Trakm8

Trakm8 is a UK based technology leader in fleet management, insurance telematics, optimisation and dashboard camera systems. Through IP owned technology, the Group analyses data collected by its installed base of telematics units to fine tune the algorithms that are used to produce its telematics based solutions; these score driver behavior, monitor vehicle health and continuously improve the security and operational efficiency of both private drivers and company fleets.

The Group's product portfolio includes cameras (including the recently launched integrated telematics camera), self-installed telematics units and technology to eliminate distracted driving due to mobile phones, and it has over 217,000 installed units reporting to its servers.

Headquartered in Coleshill near Birmingham alongside its manufacturing facility, the Group supplies to the Fleet, Optimisation, Insurance and Automotive sectors, to many well-known customers in the UK and internationally including the AA, Saint Gobain, EON, Direct Line Group and Young Marmalade.

Trakm8 has been listed on the AIM market of the London Stock Exchange since 2005.

www.trakm8.com / @Trakm8

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Executive Chairman's Statement

Results

I am pleased to report Trakm8's results for the six months ended 30 September 2017, in line with expectations for the full year.

There has been continued progress for the Group as it migrates into a pure telematics data solutions provider, with ongoing reductions in hardware sales to other telematics companies and contract electronic manufacturing (CEM) activities. This has the effect in the short term of reducing the headline growth of the Group but ensures focus on the long term higher quality of earnings from data solutions. Increased engineering and sales & marketing investments have borne fruit in new contracts and revenues. Optimisation sales combined with telematics has gained momentum. Integrated telematics and camera technology is generating increased revenues and unit service fees.

Revenues grew 12% in the period to £14.75m (2016: £13.18m). This includes 29% growth in Trakm8's core Solutions business to £12.48m (2016: £9.69m). As planned, products sales reduced by 35% to £2.27m (2016: £3.49m) reflecting the policy to eliminate the low margin CEM activity.

Total recurring revenues increased by 17% during the period to £5.48m (2016: £4.69m), which are generated from increased numbers of connections (units reporting to our servers). There is an ongoing trend of lower service fees per unit for the same functionality. This is a necessary trend as it widens the market opportunity. Margins are protected with lower costs and overall the Gross Margin was maintained. Higher service fees are generated from the higher value added camera systems as a partial offset. Recurring revenues remain the core of the Group's business model and financial security.

As reported previously Brexit had a £0.6m adverse impact on our gross margins, primarily in the second half of our 2017 financial year mainly through adverse currency movements on raw materials purchases. This impact has continued through the first half of this financial year, but we have taken certain steps to reduce the effect with the result that gross profit margin has been maintained at 48% (2016: 48%).

Financial year 2017 represented a year of significant investment in which we made a deliberate decision to increase investment for future growth given the potential opportunities we saw ahead. We also implemented a streamlining of activities to reduce operating costs offset by increased investment in sales and engineering. During the current year we have maintained our investment in sales and marketing, and as a result in this first half engineering, sales and marketing expenditure has increased year on year by £1.2m, of which £0.3m was capitalised R&D, resulting in a net increase in operating expense of £0.9m.

Total overhead costs, excluding exceptional costs and a £0.3m increase in depreciation and amortisation, increased by only £0.1m year on year to £5.46m (2016: £5.34m). The £0.9m increase in engineering, sales and marketing overhead expenditure was offset by a reduction in other overhead costs of £0.8m as a result of our efficiency and streamlining projects. Both these projects are continuing in the second half of the year.

Adjusted operating profit increased by 78% to £1.05m (2016: £0.59m). Adjusted operating profit excludes the share based payment charge of £0.08m and exceptional costs of £0.16m. The exceptional costs relate to the integration and streamlining of operations which includes the consolidation of further resources in Coleshill and costs relating to the exit from contract electronic manufacturing. Adjusted basic earnings per share has increased by 125% to 3.56p (2016: 1.58p).

Financial position

Net cash generated from operating activities was £3.57m (2016: £0.13m), which included R&D tax credit cash receipts of £1.64m (2016: £0.14m). The cash generation, removing the impact of the R&D tax cash is still £1.92m. There was a significant reduction in inventory but this was offset by an increase in debtors following good revenue months towards period end.

The transition of more customers to monthly payment models (including SaaS) has continued to take place which impacts up front cash generation, but this has been offset in part by monthly payment deals of previous years and some deals with new customers being financed by third parties.

Our net debt as at 30 September 2017 was reduced to £2.32m (2016: £4.40m) (FY17: £3.87m) including £2.72m of cash (2016: £1.44m) (FY17: £1.99m). In addition, the Group at 30 September 2017 held an increased undrawn credit facility of £3.70m at HSBC.

We previously reported our revenues in two ways, Solution Sales and Product Sales, and we report the summary analysis below for the six months to 30 September 2017. As already highlighted we are exiting Product Sales. In future we will only report Solution Sales.

Solution Sales

This area of sales comprises Fleet Management, Optimisation, Insurance and Automotive Solution revenues including associated engineering services. This is the core activity for the Group.

Recurring revenues from this base have grown by 17% to £5.48m (2016: £4.69m) and represent 37% of Group revenues (2016: 36%). At the period end we had approximately 217,000 units (Sept 2016: 177,000 units) reporting to our servers, being an increase of 23% over the last twelve months. This is an increase of 27,000 units (14%) since 31 March 2017.

Since March 2017 Fleet units installed have increased by 4,000 units to 70,000, whilst Insurance & Automotive increased by 23,000 to 147,000.

Overall, Solution sales were 29% greater than the same period of 2016 at £12.48m (2016: £9.69m) and represent 85% of Group revenue (2016: 74%).

We continue to have a high level of significant opportunities in the pipeline as a result of the expansion of the sales teams. We anticipate that revenues will continue to grow strongly in this area.

Product Sales

This area of sales comprises all the hardware revenues from sales to other telematics integrators, camera unit sales and sales to our contract electronic manufacturing customers. As has been previously announced we took the strategic decision to exit from the contract electronic manufacturing activities undertaken at BOX Telematics. The run out of this work extended into the first half of this year but is now virtually eliminated.

Total Product revenues amounted to £2.27m (2016: £3.49m) representing 15% of the Group total and a reduction of 35% on last year.

Change of Registered Office

The Group advises that its registered office, with effect from 24 November 2017, has been changed to Trakm8 Holdings plc, Roman Way, Roman Park, Coleshill, North Warwickshire, B46 1HG.

Board Changes

James Hedges resigned from the Board in August following over eight years as Finance Director of the Group. This was as a result of the relocation of the Group Finance function to Coleshill where the Group has the manufacturing operations. We thank James for the part he has played in the growth of the Group.

We were delighted to appoint Jon Furber as Group Finance Director during September 2017.

Strategy

The Group has been following the strategy outlined in the 2017 Annual Report. Our focus is to provide ever more meaningful insights to our customers using the data generated by our installed devices so that they can run their operations more efficiently and safely.

We continue to seek to increase the number of installed devices reporting to our servers in order to generate long term, recurring revenues. We will continue to own the majority of IP in our value chain and are investing heavily in our technology to ensure we remain at the leading edge of the telematics industry, seeking out complimentary acquisitions to enhance capabilities, where appropriate.

We continue to focus on streamlining the operations of the Group to further increase the efficiency of our operations, maintaining the already increased levels of engineering spend, whilst deploying increasing sales and marketing resources to drive growth. During the year the remaining Finance function was relocated from Shaftesbury, Dorset to the centralised operations in Coleshill near Birmingham and today we have announced that the Head Office has relocated from Shaftesbury to Coleshill.

Outlook

We anticipate a stronger second half as usual. With our strong range of substantial new contracts in place, and as a result of increased sales and marketing activity, we have visibility to support our second half expectations.

The outcome for the full year is less dependent on securing contracts from new customers than in previous years. The outcome is dependent on existing customer contracts where there is a level of uncertainty of end user demand. The Board remains confident that the market expectations will be met for the full year.

We continue to believe that subsequent years will benefit from improved operational efficiency, investments in growth initiatives and the growth in the telematics market both in the UK and internationally to deliver long term value for shareholders.

JOHN WATKINS

Executive Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months to 30 September 2017

	Note	**Six months to 30 September 2017 Unaudited**	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
Continuing operations		**£'000**	£'000	£'000
Revenue		**14,752**	13,181	26,759
Cost of sales		**(7,676)**	(6,888)	(13,550)
Gross profit		**7,076**	6,293	13,209
Other income		**264**	148	325
Administrative expenses excluding exceptional costs		**(6,369)**	(5,983)	(12,462)
Exceptional administrative costs	6	**(165)**	(96)	(214)
Total administrative costs		**(6,534)**	(6,079)	(12,676)
Operating Profit		**806**	362	858
Finance income		**14**	-	-
Finance costs		**(94)**	(80)	(165)
Profit before taxation		**726**	282	693
Income tax		**335**	-	777
Profit attributable to the owners of the parent	4	**1,061**	282	1,470
Other Comprehensive Income				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences		**-**	-	-
Total other comprehensive income		**-**	-	-
Total Comprehensive Income for the period attributable to owners of the parent		**1,061**	282	1,470
Adjusted Operating Profit	5	**1,049**	589	1,321
Basic earnings per share (pence)	7	**2.97**	0.88	4.51
Diluted earnings per share (pence)	7	**2.92**	0.84	4.36
Adjusted basic earnings per share (pence)	7	**3.56**	1.58	5.81
Adjusted diluted earnings per share (pence)	7	**3.50**	1.51	5.61

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months to 30 September 2017

	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
Balance as at 1 April 2016	**320**	**9,641**	**1,122**	**200**	**(5)**	**5,797**	**17,075**
Comprehensive income							
Profit for the period	-	-	-	-	-	282	282
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**282**	**282**
Transactions with owners							
Shares issued	5	90	-	-	-	-	95
Share placing fees	-	-	-	-	-	(649)	(649)
IFRS 2 Share based payments	-	-	-	-	-	131	131
Transactions with owners	5	90	-	-	-	(518)	(423)
Balance as at 30 Sept 2016	**325**	**9,731**	**1,122**	**200**	**(5)**	**5,561**	**16,934**
Comprehensive income							
Profit for the period	-	-	-	-	-	1,188	1,188
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	(1)	-	-	(1)
Total comprehensive income	**-**	**-**	**-**	**(1)**	**-**	**1,188**	**1,187**
Transactions with owners							
Shares issued	32	2,052	16	-	-	-	2,100
Share placing fees	-	(109)	-	-	-	-	(109)
IFRS2 Share based payments	-	-	-	-	-	118	118
Transactions with owners	**32**	**1,943**	**16**	**-**	**-**	**118**	**2,109**
Balance as at 31 March 2017	**357**	**11,674**	**1,138**	**199**	**(5)**	**6,867**	**20,230**
Comprehensive income							
Profit for the period	-	-	-	-	-	1,061	1,061
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,061**	**1,061**
Transactions with owners							
IFRS2 Share based payments	-	-	-	-	-	78	78
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**78**	**78**
Balance as at 30 Sept 2017	**357**	**11,674**	**1,138**	**199**	**(5)**	**8,006**	**21,369**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2017

	Note	**30 September 2017 Unaudited**	30 September 2016 Unaudited	31 March 2017 Audited
		£'000	£'000	£'000
Non-current assets				
Intangible assets		**18,138**	15,990	17,108
Plant, property and equipment		**1,847**	1,839	1,855
Deferred income tax asset		**295**	801	297
Amounts receivable under finance leases		**418**	-	499
		20,698	18,630	19,759
Current assets				
Inventories		**2,579**	2,542	3,674
Trade and other receivables		**7,836**	7,593	6,076
Corporation tax receivable		**339**	-	1,645
Cash and cash equivalents		**2,720**	1,439	1,990
		13,474	11,574	13,385
Current liabilities				
Trade and other payables		**(7,207)**	(6,827)	(6,471)
Borrowings		**(1,094)**	(1,017)	(1,051)
Provisions		**(62)**	(92)	(62)
		(8,363)	(7,936)	(7,584)
Current assets less current liabilities		**5,111**	3,638	5,801
Total assets less current liabilities		**25,809**	22,268	25,560
Non-current liabilities				
Trade and other payables		**(455)**	(448)	(480)
Borrowings		**(3,941)**	(4,826)	(4,806)
Provisions		**(44)**	(60)	(44)
		(4,440)	(5,334)	(5,330)
Net assets		**21,369**	16,934	20,230
Equity				
Share capital	7	**357**	325	357
Share premium		**11,674**	9,731	11,674
Merger reserve		**1,138**	1,122	1,138
Translation reserve		**199**	200	199
Treasury reserve		**(5)**	(5)	(5)
Retained earnings		**8,006**	5,561	6,867
Total equity attributable to owners of the parent		**21,369**	16,934	20,230

CONSOLIDATED CASH FLOW STATEMENT
for the six months to 30 September 2017

	Note	**Six months to 30 September 2017 Unaudited**	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	Note	**£'000**	£'000	£'000
Net cash generated from operating activities	8	**3,574**	128	668
Cashflows from investing activities				
Acquisition of subsidiary undertaking (net of cash)		**-**	(763)	(763)
Purchases of property, plant and equipment		**(75)**	(324)	(181)
Purchases of software		**(3)**	(255)	(262)
Proceeds from sale of plant		**-**	-	-
Capitalised Development costs		**(1,756)**	(1,455)	(3,241)
Net cash used in investing activities		**(1,834)**	(2,797)	(4,447)
Cashflows from financing activities				
Issue of new shares		**-**	80	2,070
New bank loan		**1,100**	1,200	2,700
Repayment of bank loans		**(1,972)**	(474)	(1,954)
New hire purchase contract		**-**	177	-
Repayment of obligations under hire purchase agreements		**(44)**	(17)	(104)
Interest paid		**(94)**	(80)	(165)
Dividend paid		**-**	(649)	(649)
Net cash generated from financing activities		**(1,010)**	237	1,898
Net increase/ (decrease) in cash and cash equivalents		**730**	(2,432)	(1,881)
Cash and cash equivalents at beginning of period		**1,990**	3,871	3,871
Cash and cash equivalents at end of period		**2,720**	1,439	1,990

Notes to the financial information (unaudited)

1. 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 24 November 2017. The financial information for the preceding full year is extracted from the statutory accounts for the financial year ended 31 March 2017. 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.

2. Trakm8 Holdings plc ("Trakm8") 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.

3. As permitted this Interim Report has been prepared in accordance with the 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 2017.

4. Profit per ordinary share attributable to the owners of the parent

	Six months to 30 September 2017 Unaudited	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	£'000	£'000	£'000
Profit attributable to the owners of the parent	**1,061**	282	1,470

5. Adjusted operating profit

Adjusted Operating Profit is monitored by the Board and measured as follows:

	Six months to 30 September 2017 Unaudited	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	£'000	£'000	£'000
Operating profit	**806**	362	858
Exceptional administrative costs	**165**	96	214
Share based payments	**78**	131	249
Adjusted Operating Profit	**1,049**	589	1,321

6. Exceptional costs

	Six months to 30 September 2017 Unaudited	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	£’000	£’000	£’000
Integration and business operations streamlining costs	**(165)**	(96)	(214)

Exceptional costs in the six months to 30 September 2017 relate to the integration and streamlining of operations, which includes the exit from contract electronic manufacturing.

7. Shares in issue

Weighted average number of ordinary shares in issue:

	Six months to 30 September 2017 Unaudited	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	No. ’000	No. ’000	No. ’000
Basic	**35,723**	32,315	32,595
Diluted	**36,321**	33,714	33,709
Adjusted basic earnings per share	**3.56p**	1.58p	5.81p
Adjusted diluted earnings per share	**3.50p**	1.51p	5.61p
adjusted for effects of Exceptional costs and Share based payments			

8. Reconciliation of cash flows from operating activities:

	Six months to 30 September 2017 Unaudited	Six months to 30 September 2016 Unaudited	Year to 31 March 2017 Audited
	£'000	£'000	£'000
Net profit before taxation	**726**	282	693
Adjustments for:			
Depreciation	**178**	158	304
Amortisation of intangible assets	**729**	481	1,157
Interest received	**(14)**	-	-
Bank and other interest charges	**94**	80	165
Share based payments	**78**	131	249
Operating cashflows before movement in working capital	**1,791**	1,132	2,568
Movement in inventories	**1,095**	(245)	(1,377)
Movement in trade and other receivables	**(1,680)**	(35)	498
Movement in trade and other payables	**711**	(867)	(1,105)
Movement in provisions	**-**	-	(46)
Cash generated from operations	**1,917**	(15)	538
Interest received	**14**	-	-
Income taxes received	**1,643**	143	129
Net cash inflow from operating activities	**3,574**	128	667

9. Copies of the report are available on the Group's website www.trakm8.com and also from the registered office of Trakm8 Holdings plc. The address of the registered office is: Roman Way, Roman Park, Coleshill, North Warwickshire, B46 1HG.