Trakm8

Data driven insights

Driving a greener, safer, connected tomorrow

Trakm8 Holdings Plc

Annual Report and Financial Statements for the Year Ended 31st March 2024

OVERVIEW

FINANCIAL

£16.1m
Revenue
(2023: £20.2m)

£10.1m
Recurring Revenues
(2023: £10.5m)

275,000
Connections
(2023: 348,000)

£10.4m
Gross Profit
(2023: £12.5m)

£1.3m
Adjusted Loss before tax
(2023: Profit £0.3m)

£1.5m
Loss before tax
(2023: £1.2m)

£6.1m
Cash generated from operations
(2023: £4.3m)

£1.4m
Cash and cash equivalents at 31 March 2024
(2023: £1.2m)

2.42p
Basic loss per share
(2023: 1.57p)

OPERATIONAL

- Revenues heavily impacted by Insurance capacity market with in excess of £5m estimated revenue lost
- Fleet software revenues down by £1.5m with significant contract award expected for next financial year
- Optimisation solutions continue to deliver award winning results with our key UK retailers
- Business restructuring in prior period increased financial resilience with overheads down by £0.9m despite continued inflationary pressures
- Further overheads to be reduced with move to second data centre
- Strong cash generation from operations resulting in cash balance of £1.4m despite challenging trading

CONTENTS


SERVICE DUE IN
2,000
MILES
BATTERY STATUS
LOW
ODOMETER READING
8,025
MILES
Fleet Management


AI Optimisation


Vehicle Cameras


Insurance Telematics


Automotive Telematics

AT A GLANCE

Collect

Process

Present

275,000

Connections
(2023: 348,000)

Established in 2002, Trakm8 is a UK-based AI company that develops its own intellectual property to drive a greener, safer, connected tomorrow.

As leaders in the insurance technology, fleet management, and automotive connected vehicles, we enable businesses to enhance their operations through a wide-range of optimisation, risk reduction and cost saving solutions. Collecting data, through both intellectual property ('IP')-owned hardware and data directly collected from vehicles, Trakm8 uses AI based algorithms in conjunction with our marketing leading analytics platform Insight, to create solutions that assist private drivers and commercial fleets with the reduction of risk, fuel consumption and insurance premiums, while improving productivity, safety and compliance.

As a fully integrated business designing, developing, manufacturing and supporting our own solutions, we provide the best customer service possible by delivering entire solutions directly to our customers and partners.

Our customers continue to experience exceptional results such as up to 39% reduction in accident rates and 12 to 20% reduction in miles per drop.

"It allows us to know where the vans are, where they should be and to assess the performance of the vans and the drivers in a single system"
Jonathan Melia, Head of Delivered Sales, Iceland Foods

FLEET AND OPTIMISATION

£9.5m

Revenue
(2023: £11.4m)

£6.8m

Recurring Revenue
(2023: £7.0m)

63,000

Connections
(2023: 69,000)

£0.4m

Software Revenue
(2023: £1.9m)

FLEET MANAGEMENT

Trakm8 has market leading software solutions for the entire fleet management sector built out in our evergreen Insight platform. A combination of telematics, connected cameras, route optimisation and scheduling software Electronic Proof of Delivery (EPOD), vehicle health and tachograph data retrieval, empowers businesses to make informed decisions about fleet operations - and to tackle a diverse range of operational challenges. Benefits to fleets include the introduction of safer driving practices, reductions in fuel, obtaining lower insurance premiums, having a smaller carbon footprint and automating administrative tasks. AI algorithms are deployed to measure risk and efficiency driving behaviours, feeding back to the driver on apps and in cab displays. Advanced Driver Assistance Systems feature on the cameras to warn the driver, reducing the cost of accidents.

OPTIMISATION

Through the development and application of pioneering algorithms, we are able to improve the operational efficiency and productivity of our customers, and for our last mile delivery customers deliver a solution that improves their customer experience by combining with our EPOD solution and customer communications product. Our optimisation algorithms can be administered to a number of sectors including transport and logistics, energy management, mobility and electric vehicles (EVs). Trakm8 has a fully integrated optimisation solution built into the core Insight platform. Optimisation via API integration and provides customer specific bespoke solutions when this is required.

CLIENTS

We continue to focus on long term relationships with large corporate clients enabling the Group to deliver multiple solutions over many contractual periods.

INSURANCE & AUTOMOTIVE

£6.7m

Revenue
(2023: £8.7m)

£3.3m

Recurring Revenue
(2023: £3.4m)

212,000

Connections
(2023: 279,000)

£0.1m

Software Revenue
(2023: £0.2m)

INSURANCE

Insurers and brokers use our telematics hardware and data to better calculate risk among policyholders. Our self-install and fitted to vehicle devices monitor high-risk driving styles and enable businesses to calculate relative premiums based on real-world driving data. In addition, our leading AI algorithms allow insurance companies to speed up and better control the First Notification of Loss (FNOL) claims process, including crash detection and reconstruction. Trakm8 early intervention for driver events improves the loss ratios for our Insurance customers. Our device fulfilment and policy management solutions allow us to manage the full customer lifecycle from onboarding to policy cancellation and device recycling.

AUTOMOTIVE

Our automotive team works with businesses to supply aftermarket connected vehicle technologies to its end users to predict and report vehicle faults. Automotive solutions include the remote identification of vehicle sensor and fault data, breakdown assistance apps, and reminders for MOT dates, servicing and tax renewals. Specialist applications include tailored solutions to the vehicle leasing companies to reduce costs in the management of service, repair and maintenance outcomes. We continue to invest in our EV solutions delivering insights to customers such as state of charge and battery health.

CLIENTS

Our clients range from large direct insurers, MGAs (Managing General Agents), Brokers and Roadside Assistance clubs. We continue to explore opportunities in the UK and in other less saturated geographies.

STRATEGIC REPORT

EXECUTIVE CHAIRMAN'S STATEMENT

John Watkins
Executive Chairman

Financial Performance

This year's performance was set against a challenging Insurance market where our customers' ability to sell and renew policies that incorporate our solutions were either hampered or entirely removed. The effect of this can be seen in the negative impact on our personal car insurance costs. These challenges, we estimate, reduced revenues by over £5m for the year and made a significant impact to all our key financial metrics.

Our Fleet and Optimisation solutions continue to be recognised for their impact on businesses and their ability to make a difference to cost of operations and the impact on the environment around us. This was shown with the recent receipt of the 'Plan for Better' award from Sainsburys after our Optimisation algorithm saved over 4,000 tonnes of carbon emissions.

Our software revenues for the year in Fleet were significantly reduced, with the prior year including renewals with both Sainsburys and Iceland. We had hoped to secure a significant contract within the year but this continues within our sales process and we hope to secure this in the coming financial year.

The Insurance challenges meant overall our revenues in this area were down by 20% compared to the prior year and a reduction in our connections of 21% to 275,000 connections (2023: 348,000). It was pleasing that recurring revenue was broadly maintained at £10.1m (2023: £10.5m) and remains key to our future success.

Our actions in the previous year to change strategy and reduce associated costs has helped our financial resilience to manage challenges such as those experienced this year. Our overheads excluding exceptional costs reduced by £0.9m despite continued inflationary pressures including staff salary costs.

Despite the controlled costs, the reduction in revenues resulted in an Adjusted Loss for the period of £1.3m (2023: Profit £0.3m).

Despite the challenging trading environment we are pleased to maintain strong cash generation in the business with a cash flow from operations of £6.1m (FY-2023: £4.3m). The company ended the year with increased Cash and cash equivalents year on year at £1.4m (2023: £1.1m) and our Net Debt (excluding the impact of IFRS16) reduced to £4.9m (FY-2023: £5.6m).

It was pleasing to agree revised agreements with both HSBC and Maven prior to the year-end which along with the extension of the existing Convertible Loan Notes and raising of a new Convertible Loan Note, allowed us to acquire complementary Driver Risk solution from the Freedom Services Group.

People

One of Trakm8's greatest strengths is the talented team of people we have. Across the business their dedication to our customers allows us to deliver positive outcomes when implementing our solutions. I would like to thank everyone for their hard work and dedication over the last twelve months and look forward to striving towards our collective goals over the next year.

During the year our team was, on average, smaller than last year averaging 120 (2023: 150) with the size of our team remaining relatively constant after the conclusion of our restructure during the prior year. We have focused on retaining our existing team through market rate salary reviews, adding new optional employment benefits and investing in our office space to help foster increased collaboration when needed.

We anticipate that our headcount will most likely increase initially in Sales and Marketing to support our revenue growth ambitions, but we continually review the resource requirement across the business to ensure our goals are achieved.

Strategic Focus

We continue to focus on three key objectives of increasing our market share, delivering exceptional technology to our customers and continually focusing on our own efficiency.

Whilst our levels of revenues have fallen, we believe the challenging Insurance market has widely impacted telematics policies in the UK so our market share is potentially unaffected. Returning the Group to revenue and connection growth and profitability is the predominate focus for the coming year.

We have continued to make progress on becoming more efficient and cost effective. The key project being progressed during the year being our exit from cloud solutions to a more cost effective on premise second data centre.

Our customers' requirements continue to be at the heart of our technology roadmap, delivering more Insight to their operations with new features across all our technology.

Research and development ('R&D')

Trakm8 has continued a significant level of investment into R&D for the year. Our internal capitalised development costs did reduce to £2.1m (2023: £2.3m) but this was complemented with £0.7m of external purchases (2023: £0.3m). This is inclusive of the software acquired from Freedom Services Group for our own use and development for a consideration of £0.5m. This adds to our extensive risk management and driver profiling capabilities.

Our focus this year has been building on our core technology competencies. These include Driver Risk and Accident Detection for the breadth of the Insurance & Automotive market, connected vehicle solutions and fleet management applications for larger customer fleets and Optimisation algorithms and associated workflow management. We are particularly pleased with the speed of our "get slots" algorithm which forms part of the solution to our retail customers providing their end customers optimised delivery slots in marketing leading response times.

The Board continues to believe that owning our Intellectual Property "IP" is a significant benefit to our customers through our ability to solve operational challenges with agility. Our customers also value our support of their solutions which is entirely within our control except for the mobile networks which we rely upon for device connectivity.

Our R&D investment is now at a level which allows us to maintain our market leading, award winning portfolio of existing solutions and add features that customers desire where we see the strategic and financial benefit of delivering them. The Board doesn't anticipate increasing our investment, other than maintaining our team's remuneration against the market, ensuring that our investment as a percentage of revenues decreases over the coming years as previously outlined.

ESG

The Group provides solutions that significantly improve the carbon footprint of clients' operations through improved efficiencies and reduced risk costs. Trakm8 also provides device exchange programmes to recycle hardware thereby reducing the need to make new ones and reducing the cost of telematics to our clients. We also provide business optimisation consultancy for clients to assess opportunities to further reduce their carbon footprint.

We remain focussed on our own environmental impact, continuing our membership to the Science Based Target initiative (SBTi) with the objective to reduce our Scope 1 and Scope 2 emissions and reach Net Zero by 2050. During the year initiatives to help work towards this included moving our supply of electricity to 100% renewable energy and the introduction of an EV salary sacrifice scheme.

Further initiatives in the coming year will focus on certain elements of our supply chain and reducing our impact on emissions from use of their products and services.

Governance

The Group has adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies, which the Board considers the most appropriate for the size and structure of the Group. More information can be found in the Governance Report section of this report and our website.

Please see https://www.trakm8.com/investor-relations/corporate-governance for our full compliance statement.

Outlook

In our trading update in early April this year, we announced our revised agreement with a member of the Freedom Services Group and the return of capacity to our largest Insurance customer.

The recovery of insurance policy sales has however been slower than we anticipated with a number of our customers still impacted by capacity and competitive pricing challenges. In addition, our Insurance customers' inventory, much like our own, is higher than normal. This combination means that the start to the year is behind where we had previously expected to be in respect of device sales and the recovery of connections.

We are hopeful that the recently announced contract extension and widening of services with Drvn, which will cover the launch of the AA Vixa programme, will positively impact the later parts of the year.

We have started the year quite well regarding our Fleet and, particularly, Optimisation revenues including a pleasing expanded agreement with Iceland. In addition to securing the significant software contract which we previously hoped would close in FY-2024, our focus is to continue our levels of new business from previous years. We will continue to work hard on our relationships with existing customers to ensure they are benefitting from our latest range of solutions and solve more of their day-to-day challenges. We are increasing our sales team headcount and marketing spend to support this.

Our focus remains on our core strategies which should continue to improve our financial position after several years of unavoidable headwinds. The trading conditions, particularly within insurance, mean the results for the coming financial year remain uncertain but the Board is confident of improving revenues and levels of profitability from recent years.

FINANCIAL REVIEW

Jon Edwards
Chief Financial Officer

The financial results for the year show the impact of a challenging Insurance market for the 12 months to 31st March although the Group has increased its financial resilience due to actions taken in the previous financial year.

Financial Key Performance Indicators

Statement of Comprehensive Income

	2024	2023
Group Revenue (£'000)	16,088	20,197
of which, Recurring Revenue (£'000)	10,109	10,466
Gross Margin	10,393	12,491
Gross Margin percentage	64.6%	61.8%
Loss before tax (£'000)	(1,483)	(1,243)
Loss after tax (£'000)	(1,211)	(783)
Adjusted (Loss)/Profit before tax[1] (£'000)	(1,344)	306
Basic Loss per share (p)	(2.42)	(1.57)
Adjusted basic (loss)/earnings per share (p)	(2.20)	0.95

[1] Before exceptional costs and share based payments

Non-Financial

	2024	2023
Connected devices	275,000	348,000
Insurance and Automotive Connections	212,000	279,000
Fleet and Optimisation Connections	63,000	69,000

Statement of Financial Position

	2024	2023
	£'000	£'000
Non-Current Assets	27,462	27,889
Net Current Assets	(3,393)	(107)
Non-Current Liabilities	6,134	8,653
Net Assets	17,935	19,129

Statement of cash flows

	2024	2023
	£'000	£'000
Net Cash generated from operations	6,065	4,314
Investing activities	(3,597)	(3,419)
Free Cash Flow[1]	2,468	895
Financing activities	(2,192)	(780)
Increase/(Decrease) in Cash in Year	276	115
Net Debt[2]	4,857	5,618

[1] Cash generated from operating activities less cash used in investing activities (excluding cash flows related to acquisitions)
[2] Total borrowings less cash and cash equivalents. FY-2023 net debt excludes £1.3m IFRS 16 lease liability.

Revenue

Group revenue decreased by 20% to £16.1m (FY-2023: £20.2m) following a challenging period in the Insurance market as outlined in the Chairman's statement which continued from the prior year.

Insurance and Automotive revenues fell by 25% to £6.6m (FY-2023: £8.7m) with new device sales and policy renewals impacted. This meant that recurring revenues remained static at £3.3m (FY-2023: £3.4m) as connections fell to 212,000 during the year (FY-2023: 279,000).

Fleet and Optimisation revenues decreased to £9.5m (FY-2023: £11.5m). Of this revenue £0.4m was related to software sales with the prior year including £1.9m of software sales which contained contract renewals for both Iceland and Sainsburys. Recurring revenues remained strong at £6.8m (FY-2023: £7.0m) with slightly higher attrition in device connections with customers with a smaller Fleet size resulting in 63,000 connections (FY-2023: 69,000).

Gross Margin

Gross Margin decreased to £10.4m (FY-2023: £12.5m) but with an increase gross margin percentage to 64.6% from 61.8% in the prior year as service fees became a larger proportion of overall revenues.

The Gross Margin reduction was largely due to lower revenues particularly in Insurance. We continue to work on ensuring our service costs are optimised and explore options to reduce our material costs now the supply chain constraints of the previous period are behind us.

Loss before tax

The Group reported a loss before tax of £1.5m (FY-2023: £1.2m). Administrative expenses excluding exceptional costs reduced by £1m to £10.9m (FY2023-£11.9m) despite continued salary and other inflationary increases.

We have continued to control overheads across the business as we seek to drive the Group to profitability. Overall payroll, contractor and associated staff costs were £0.5m lower than the prior year with a further £0.2m saving in Marketing spend. Our new data centre was commissioned during the second half of the year but the full savings were not fully realised with the decommissioning of services continuing into the new financial year.

Depreciation and Amortisation remained similar to the prior year at £2.9m (FY-2023: £2.8m). Finance costs did however increase to £0.9m (FY-2023: £0.7m) as a result of a full year of interest from the Convertible Loan note and increased base rates impacted costs.

Exceptional Costs

Exceptional costs totalled £0.1m (FY-2023: £1.5m). This represents the final costs of exiting a leased building early that we no longer require following our change of strategy and cost reduction in the prior year.

Statement of Financial Position

Net Assets decreased to £17.8m (FY-2023: £19.9m) reflecting the loss for the year, after deducting the IFRS2 Share based payments charges.

Working capital continues to be challenging with the lower levels of device sales resulting in inventories continuing to run higher than we would expect in normal circumstances. This represents an opportunity for improvement in the coming year as our insurance device sales recover.

Non-current assets increased by £0.4m to £27.5m (FY-2023: £27.9m). This is due to a £0.1m reduction in right of use assets due to depreciation and disposal of a lease building, offset by a £0.5m increase in Intangible assets. Intangible assets increased due to the acquisition of Intellectual Property for Driver Risk profiling of £0.5m. The remaining development cost was offset by amortisation in the period.

Borrowings within current liabilities includes the Convertible Loan note issued in September 2022. Post period this was extended for a further twelve months with the terms amended to match those of a new Convertible Loan also entered into post period end.

Non-current liabilities decreased to £6.2m (FY-2023: £8.7m) which were also effected by the classification of the Convertible Loan note already discussed. Right of use liabilities also fell by £0.3m to £0.8m (FY-2023: £1.1m).

Statement of Cashflows

Cash from operating activities increased by £1.8m to £6.1m (FY-2023: £4.3m) with improved working capital management including the reduction in accrued income. Cash from operating activities also included R&D tax credit cash receipts of £0.7m (FY-2023: £0.7m) which reflects the Group's continued investment in cutting edge development.

Free cash inflow of £2.5m (FY-2023: £0.9m) is due to the Net Cash generated from operating activities as detailed above, offset by cash outflows from investing activities which increased by £0.2m to £3.6m (FY-2023: £3.4m) which is inclusive of the software purchased from Freedom Services Group announced post year end.

Financing activities resulted in an outflow of £2.2m (FY-2023: £0.8m). A full year of interest charges from our Convertible loan note in addition to capital repayments to our two lenders.

Net Debt

Net debt excluding IFRS 16 lease liability of £0.7m (FY-2023 £1.3m) decreased by £0.8m to £4.9m (FY-2023: £5.6m). Cash balances at the end of the year totalled £1.4m (FY-2023: £1.1m) and total borrowings including IFRS16 lease liability of £1.3m totals £6.9m (FY-2023: £8.0m). Borrowings comprised a £3.6m (FY-2023: £4.1m) term loan with HSBC, a £0.5m (FY-2023: £0.8m) term loan with MEIF WM Debt LP, Unsecured Convertible Loan Notes of £1.6m (FY-2023: £1.6m) and £1.3m (FY-2023: £1.6m) of obligations under Right-of-use lease liabilities. In addition, at the year end, the Group had a £0.5m unused overdraft facility with HSBC.

Dividend

The Group does not propose to recommend a dividend for the year at the forthcoming AGM. However, the Board will continue to review its dividend policy in light of future results and investment requirements.

OUR STRATEGY

'DRIVING OUR GREENER, SAFER, CONNECTED TOMORROW.'

OUR MISSION

Trakm8 is an innovative and diverse UK-based technology company, focused on fleet management, insurance and automotive telematics, and optimisation. Trakm8 uses AI based evergreen solutions to proactively provide actionable insights which reduce risk and improve efficiency for its customers. From a firm foundation of integrity and customer focused values, Trakm8 encourages and develops its talented people to create world-leading solutions that are ethically sourced, proudly manufactured, and professionally sold. By upholding these ideals, Trakm8 aims to deliver growth in long-term value to shareholders.

STRATEGIC OBJECTIVES

1 **Increasing our market share**	2 **Delivering a cutting-edge solutions portfolio**	3 **Streamlining our internal operations**
Progress in 2024 Our connected devices in operation decreased in FY-2024 as Insurance market conditions impacted new device sales and renewals of existing policies. Whilst we don't believe our market share has been impacted, we were unable to make increases in share because of these challenges. Fleet connections once again reduced in the lower complexity solutions with higher margin solutions being prioritised.	Progress in 2024 Following our restructure and the work completed in the prior year, we have focused on a narrower range of development. Improving our AI Insurance and Optimisation solutions to widen the addressable market has been the key focus and solve ever more complex challenges from real world customer experience.	Progress in 2024 The Group completed a significant restructure in the prior year. The focus in 2024 was on external cost reduction and process efficiency. The main project was the exit from cloud based hosting and migration to a second traditional data centre which was commenced during the period. Exit from the second building in Coleshill was also finalised in the year.
Focus for 2025 With the expected return of the insurance market, we are forecasting for device connections in Insurance and Automotive to recover. In addition, we are exploring other geographies and additional services to existing customers to increase our market share. We plan to support this plan with additional Sales resource. Within Fleet and Optimisation, we continue to focus on contracts with new customers and renewals with existing customers. As part of our renewal process, we are exploring all opportunities to cross sell and upgrade customers to our latest solutions, increasing our market share through depth of product use.	Focus for 2025 We plan to continue delivering features and functionality to our core platform that help deliver the most value for the Group and our customers. Our focus will be on widening and improving the services on offer to our insurance customers particularly where they choose to take our full end to end product set, utilising Insight and AI algorithms as the core platform for doing so. Work will continue on our AI Optimisation solutions allowing further improvements to our results when real world changes are experienced at short notice.	Focus in 2025 Finalising the exit of services from our cloud hosted data centre represents the largest quickest saving. In parallel we shall be exploring efficiency and cost saving opportunities in SIM costs, Installation process and a review of our sales lifecycle process which should also support our endeavours to increase market share.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces risks and uncertainties in its ambition to deliver its strategic objectives. These have the potential to impact our operations, our financial position and our market reputation.

It is of course not possible to anticipate every risk but the Board, which has overall responsibility for risk management and internal controls, reviews the Group's risk matrix and has identified the following principal risks and uncertainties the Group encounters.

Operating in a fast-moving technology industry where we will always be at risk from new products being launched	
Potential Impact	• Decelerating sales growth and affecting profit • Loss of a significant customer • Delay in achieving projected revenues • OEM fit telematics to all strategy or commercially viable OEM data feeds
Mitigation	We continue to invest in the development of our solutions delivering features and benefits that provide economic benefits to our customers. We regularly review our roadmap of potential features both internally and externally to ensure our portfolio remains relevant in the market. We regularly review with our key customers their use of our product set to ensure that we meet as many of their needs as possible, providing them the largest return on investment as possible whilst giving the Group higher levels of retention. We continue to maintain highly skilled engineering teams to ensure that we utilise the latest technology, architecture and associated development methods. We are device agnostic and will interface into OEMs and autonomous vehicles as a central data hub should vehicle manufacturers offer data directly from vehicles. This ensures customers can use our value adding solutions with existing telematics alongside direct from vehicle data from multiple manufacturers. We undertake rigorous testing using our in-house testing team where synthetic testing has been enhanced by retrofitting automated test suites for unit and integration testing. An additional set of test resource focused on trials of real world test cases, edge cases and specific customer solutions to test the broadest possible functionality has also been introduced into the release process. Release retrospectives complement this activity to drive kaizen improvements into our software test and release process.

Deteriorating economic climate	
Potential Impact	• Increase in operational costs • Reduction in revenues • Adverse working capital movements • Foreign exchange impacts
Mitigation	The Group's recurring revenue model ensures revenues from the existing customer base and we closely monitor this as one of our KPIs along with order book and pipeline value and state. This allows us to review our performance and make appropriate decisions on discretionary costs and our commitments to our supply chain. Whilst our commercial model provides financial resilience, during the previous 15 months the Group has been impacted by the lack of Insurance premium capacity which limits our ability to provide new devices into the market and renew existing connections. This has had a significant impact but is offset in part by a more diverse Insurance customer base than we have previously enjoyed. In challenging times, Fleet and Optimisation customers can reduce or delay investment decisions, but our products and services are well placed to help customers achieve efficiency improvements and cost reductions which continues to make it a compelling solution even when levels of investment are reduced. We predominately receive revenues from customers in the UK. This provides both a risk and an opportunity as we explore markets that will be easier to enter, and which will then provide geographic diversity and partial mitigation to localised economic challenges. Details of our exposure to foreign exchange movements can be found within the notes to the financial statements. Ultimately, our electronic components originate in US dollars or Euros even though we transact with our distributors in GBP, so any adverse movement in exchange rates would impact our Gross Margins
Access to long term and working capital	
Potential Impact	Ability to deliver business strategy
Mitigation	As part of our continual monitoring of our financial position and outlook, we regularly review our medium term capital requirements. We maintain strong relationships with our existing lenders and other financial institutions to ensure we have an understanding of markets should we identify additional capital requirements. We also maintain relationships with our existing shareholders which allows us to cater for short lead time fundraising should the need arise. We have in the last two years completed issues of instruments from existing shareholders to facilitate the purchase of intellectual property and aid with the restructure of the business.
Cyber-attack, data security & data breaches	
Potential Impact	• Reputational impact • Deterioration in customer relations • Liability claims
Mitigation	We have maintained our ISO 27001 accreditation. We continue to make considerable investments in security systems, our people and our associated processes for both internal and customer data. We review next generation hardware and software solutions coming to market to ensure we make use of these and reduce the risk of a cyber event. We deliver regular training to our exceptional team to ensure they appreciate their part in delivering a secure environment for both them and our customers. This includes simulated phishing attacks which remains one of the highest risks to our security. We operate a secure development lifecycle and undertake regular independent penetration testing of our devices and hosting environments from CREST certified testers. During the year we have engaged with an external provider of security risk management to provide continual review of our platforms for potential threats and areas for security improvement. The Group also ensures adequate insurance is in place in the event of a Cyber event.

Significant operational failure	
Potential Impact	• Reputational impact • Deterioration in customer relations • Reduction in revenues, profitability and cash generation • Contractual Penalties and Litigation
Mitigation	Our systems are both within the Cloud and within a traditional data centre environment. We provide no single point of failure as there is diversity of datacentres from separate suppliers and replication of data between data centres. Daily point-in-time backups are also taken offsite. Insurances are maintained to financially mitigate any risk relating to an event that causes significant interruption at our single site manufacturing facility. As we continue to add large clients to our customer base, in some instances the contractual arrangement includes SLA penalties. We mitigate this issue through continual monitoring of our platforms and ongoing investment in our evergreen platform to ensure operational capacity at all times and ensuring that our Business Continuity and Disaster Recovery plans are maintained and tested.
Adverse mobile network changes	
Potential Impact	• Reputational Impact • Deterioration in customer relations • Reduction in revenues, profitability and cash generation
Mitigation	We provide a configuration manager which allows remote upgrade of the installed base, and this can be used to address system wide issues as long as basic GPRS communications exist. We rely on mobile network suppliers to provide a quality of service and investment in suitable reliable infrastructure. The same is true for the GPS network and the Internet. We maintain relationships for the supply of mobile network services to provide mitigation for any supply or service related issues along with any changes in future technology that we need to be aware of in delivering our solutions to customers.
Attracting and maintaining high quality employees	
Potential Impact	• Loss of key personnel • Potential business disruption • Breakdown of communication and misalignment
Mitigation	We provide interesting work within a growing sector where we have significant opportunity and maintaining this is key to employee retention. To complement this, regular reviews of market rates ensure competitive renumeration packages. Employment benefits such as EV salary sacrifice schemes have been introduced to allow staff further benefit from their time with us. Companywide program of training and personal development including promotion from within. Knowledge of our bespoke systems is spread across a larger pool of individuals to mitigate the risk of a key individual leaving the business. We are a sponsor on the government highly skilled migrant program. We have adopted more flexible working practices to widen the talent pool & provide flexibility to the team wherever possible.

Electronics supply chain under constraint	
Potential Impact	• Long lead-times • Cost pressure • Customer deliveries delayed
Mitigation	The supply chain challenges of last year are now mainly behind us but environmental changes and geopolitical issues remain as an ongoing risk with large parts of our device components originating from around the world. As a fully vertically integrated business, our design engineers work alongside the supply chain to mitigate these issues with huge success to date and the ability to respond to future challenges should they arise. We continue to have the support of our valued world class distributors and manufacturers in this activity. As an additional mitigation, commitments to our supply chain have been maintained to provide security of supply for a longer period of time.
Business disruption from Communicable Diseases	
Potential Impact	• Supply chain disruption due to communicable diseases such as COVID-19 • Potential outbreak of infection in members of staff • Reduced trading
Mitigation	We monitor our supply chain closely and working with our distributors and manufacturers maintaining order coverage to ensure enough inventory to mitigate short term disruptions. Many of our teams continue to employ a hybrid approach to office and home working with the ability to switch to fully remote should it be required. Our recurring revenue model ensures revenues and cash are generated from the existing customer base mitigating any short term reductions in trading.
Climate Change	
Potential Impact	• Supply chain interruption • Change to customer and supplier operations and cost models • Increased legislative controls
Mitigation	Trakm8 remains committed to be part of the solution to the ever increasing risk of Climate Change. Our solutions support customers in their pursuit of reduced emissions to aid the global progress towards a more sustainable future and an improved environment for generations to come. We continue to monitor our own impact on emissions and continually strive to reduce our own output with a number of projects in progress to assist with this. We work closely with our customers and suppliers to assess changes being introduced through legislation to ensure compliance and identify opportunities for our own improvement and areas we could support with existing or future products.

SUSTAINABILITY

Trakm8's solutions continue to be used by many customers to help reduce their impact on the environment around them shown by our Green Economy mark which recognises organisations contributing to wider environmental objectives.

Through improved driver behaviours, more efficient asset utilisation or reduced accidents, we estimate that we save over 50,000 tonnes of CO_2 per year. Our optimisation solution was recognised by Sainsburys as saving over 4,000 tonnes through reduced miles per drop across their home delivery fleet.

Our focus continues to be helping customers measure and then reduce their impact on the world around us whether that be through wider product adoption with existing customers or previously unmanaged fleets implementing our solutions.

We take our own responsibilities towards sustainability seriously and have worked hard to minimise our impact supported by our ISO 14001 certification which has been held for many years. As a member of the Science Based Targets Initiative (SBTi – www.sciencebasedtargets.org) we are committed to a plan that takes us to Net Zero by 2050. This year with initiatives already implemented, we have reduced emissions since 2018 by 72% meaning we are well ahead of our target of achieving a 50% reduction by 2030.

During the year, we migrated our Head Office to green electricity, finalised the migration of all company vehicles to EVs and implemented an EV car salary sacrifice scheme which is beginning to be utilised by members of our team.

The Group's emission data is as follows:

		FY-2024	FY-2023	FY-2018 (Comparison Year)
Total energy use covering combustion of gas	kWh	63,744	32,341	56,400
Total energy use covering use of purchased electricity	kWh	331,513	414,327	409,044
Scope 1				
Total emissions from combustion of gas	tCO_2e	11.56	5.86	10.22
Total emissions from direct transport (mobile consumption)	tCO_2e	-	29.84	102.49
Scope 2				
Total energy use covering use of purchased electricity	tCO_2e	64.18	166.24	160.28
Total	**tCO_2e**	**75.74**	**201.95**	**272.99**

We continue to strive for improvements and initiatives planned for the coming period are as follows:

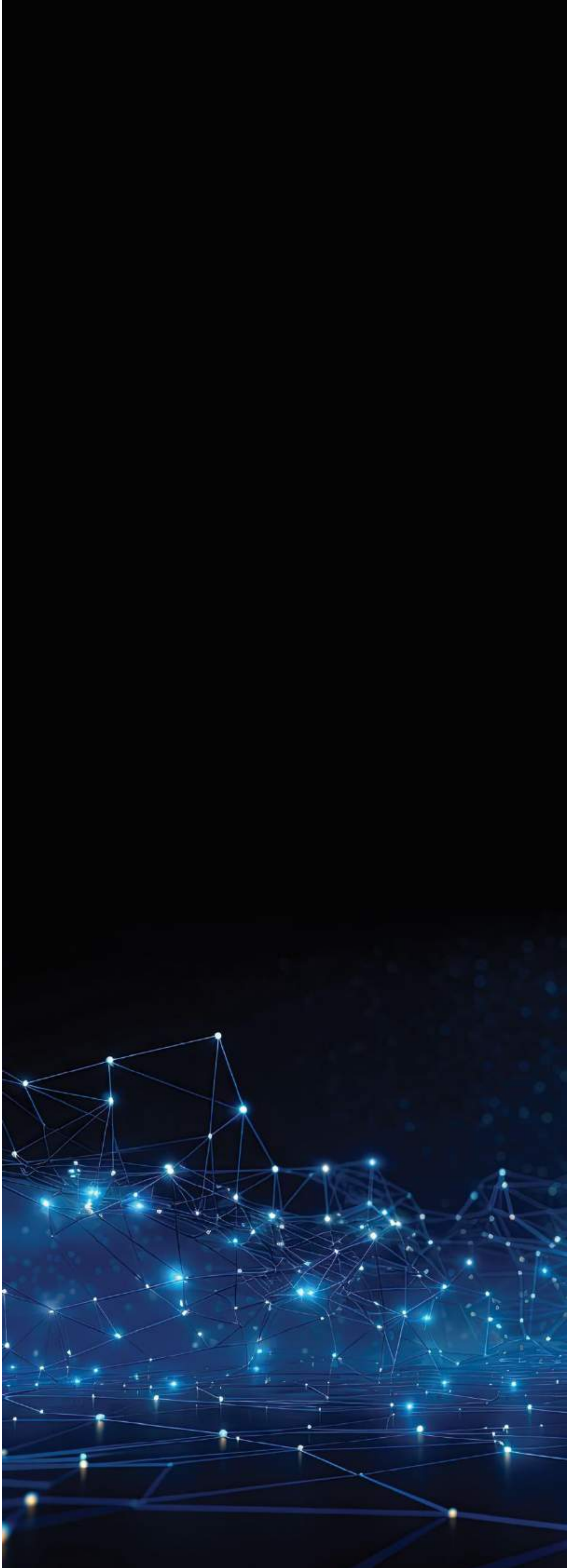
- Finalise Green Electricity for our final UK site
- Reduce our external emissions for installation services through increased process efficiencies
- Continue to support customers in increasing their rate of device recycling

By order of the Board

Jon Edwards

COMPANY SECRETARY

27 July 2024



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

John Watkins
Executive Chairman

John has a Masters' Degree in Engineering Science from the University of Oxford. Through his extensive career he has acquired considerable M&A and sales experience. He has been a Director of several public companies, Managing Director of a wide range of private and subsidiaries/divisions of public companies and Chairman of three very successful private equity companies that exited with significantly better than average IRRs.

Keith Evans
Senior Independent Non- Executive Deputy Chairman

Keith graduated from the University of Cambridge with a degree in Economics. Keith is a former partner for over 25 years at PricewaterhouseCoopers LLP with very extensive experience of commercial and financial roles having worked with companies operating in the financial services, automotive and information technology sectors.

Nadeem Raza
Non-Executive Director

Nadeem joined the Board in January 2019 following the strategic investment by Microlise Group Holdings Limited. As CEO of Microlise, Nadeem has complete responsibility for the operational management and control of all Microlise business activities. During his 20 year career with Microlise, Nadeem has fulfilled various responsibilities and gained experience across all elements of the business, including sales, system integration, marketing, operations and business computing.

Jon Edwards
Chief Financial Officer

Jon joined Trakm8 in 2007 as part of the Finance department. He held the position of Group Financial Controller for six years and in that time was responsible for the integration of acquisitions into the Group's finance functions & also gained his Association of Accounting Technicians qualification. In 2016 Jon moved into the Operations team where he held several positions, most recently Operations Director before being appointed as CFO in October 2021.

Mark Watkins
Chief Operating Officer

Mark has a Masters' Engineering degree and worked for Ford Motor Co in the group IT team. He has previously held positions in IT and Operations having been Head of Manufacturing Operations at Continental UK for several years. In 2014 he joined Trakm8 Holdings as Managing Director of Box Telematics following its acquisition and is now responsible for all operational and engineering matters for the Group.

Tim Cowley
Group Strategy Director

Tim has 30 years' experience in the Engineering & Technology sector. After graduating with a degree in Electronics Engineering in 1988 from Brunel University, Tim was awarded a prestigious Michael Cobham scholarship, and stayed with the Cobham Group for eleven years. Alongside Maddie Cowley, he founded Trakm8 in 2002 and is now responsible for the Group Product Strategy and the Advanced Engineering function.

Maddie Cowley
AI Director

One of the founders of Trakm8 along with Tim Cowley, Maddie is a highly experienced software Engineering Director with over 25 year's experience within the telematics and telecommunications industry. Awarded an MSc Software Engineering with distinction from the University of Oxford in 1998, Maddie now leads the in-house AI team and is passionate about algorithms, machine learning, computer vision and data science.

SENIOR MANAGEMENT TEAM

Adam Gooch
Managing Director of Trakm8 Insurance

Joe Heidari
Director of Fleet and Optimisation Sales

Jacob Thomason
Director of Customer Success

Paul Wilson
Head of Automotive Account Management

Steve Ball
Head of Manufacturing & Procurement

Alan Johnson
Head of Group Quality and Data Protection Officer

REPORT ON CORPORATE GOVERNANCE

CHAIRMAN'S INTRODUCTION

The Board and its Committees are responsible for corporate governance and determining, implementing and reviewing the strategy, budgeting and corporate actions of the Group. The Board is always looking to deliver high standards of Corporate Governance using its knowledge and the framework put in place to help achieve this. This ensures that the duties to shareholders, employees and other stakeholders are understood and delivered as expected. The Chairman has ultimate responsibility for corporate governance matters. No key corporate governance matters have occurred during the year.

The remainder of this report outlines the members of the Board and the Group's governance principles.

GOVERNANCE PRINCIPLES

The Directors recognise the importance of sound corporate governance and have therefore adopted the Quoted Companies Alliance (QCA) code, which is reviewed annually. The Directors have developed procedures to ensure that the Group complies with the QCA code, in line with its size and stage of corporate evolution. These procedures are set out below. Where the Group does not fully comply, the reasons for the non-compliance are explained and the alternative procedures put in place are also set out. The QCA is constructed around ten broad principles and a set of related disclosures.

Principle 1. Establish a strategy and business model which promote long-term value for shareholders

Trakm8 Holdings PLC is a leading supplier of fleet management, insurance, optimisation, and automotive solutions that help to drive the reduction of risk, fuel consumption and insurance premiums, while improving productivity, efficiency, safety and compliance.

The principle aim of the Group is to increase use of its IP owned hardware and AI based algorithms driving continual growth in its connections and therefore its SaaS recurring revenues.

Despite a prolonged downturn in the insurance market due to capacity and funding issues, in the long term our target is still to achieve 1 million connections to our systems. We currently have over 275,000. This substantial increase will provide the level of profitable growth and cash generation that should increase the Group's share price substantially. The Group continues to focus on growth planning with a commitment to improving the recent insurance sales once the market improves but also considering ways in which to promote fleet optimisation and to build on and diversify existing customer relationships. Progress against these plans is monitored by the Board.

Principle 2. Seek to understand and meet shareholder needs and expectations

John Watkins, as Executive Chairman, has long been the key link with shareholders. We believe this dual Chairman/CEO role is acceptable for a company of our size. John has been CEO for thirteen years and Executive Chairman for eight years. This extended timescale brings wide experience and is not unreasonable for a company of our size.

However, we also recognised the need to supplement his position by appointing senior independent director Keith Evans as Deputy Chairman in 2017 to provide an independent focal point for shareholders. We believe this appointment goes some way to balancing John Watkins' dual role of Chairman and CEO.

Both John and Keith, individually, hold meetings with major shareholders throughout the year, to understand their views on, and expectations of, the Group's performance.

John provides ad hoc updates to other shareholders as required.

Principle 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board has established a system to obtain regular feedback from both internal (our workforce) and external (shareholders, customers, suppliers, regulators and others) stakeholders.

Internally

Regular meetings are held with the employees who are also kept up to date with the Group's performance through monthly bulletins and quarterly 'town hall' meetings. Individual feedback is also gathered by the Group's HR function, which reports directly to the monthly Management team and Board meetings. A monthly recognition system is in place for all employees to be nominated for their exceptional contribution which is intended to recognise and award employees for their contribution to the success of the Group and provides a platform to employees to provide feedback via their line manager or direct to the CEO.

Externally

As noted above, regular feedback is obtained from shareholders.

There is in place a system of monitoring customer comments to assess our daily performance in satisfying their requirements. A Net Promoter Score (NPS) system is in place to monitor and record customer feedback. This information is considered by the Board at its monthly meetings. In addition, we regularly meet our key customers to identify their future requirements and to put to them our ideas on future products that would provide them with improved Returns on Investment (ROI). This has enabled us to develop the world-leading engineering products we now have, and to put in place longer-term engineering plans.

Given the nature of our supply chain, we have to keep in regular contact with key suppliers to ensure continued component delivery to our high standards of quality. Where performance is not up to the required standard, measures are taken to ensure improvements are made to ensure a continued successful relationship.

On the regulatory side, we ensure that we meet all relevant regulatory requirements. The Board receives monthly updates on our compliance against a range of measures, including relevant ISO standards, Health and Safety standards, carbon dioxide and other emission standards.

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has ensured effective risk management is fully embedded throughout the organisation, as detailed in the risk management framework section of our annual report.

The Board receives a monthly assessment of performance against selected risks. This assessment is regularly discussed at Board meetings and improvements are monitored.

In addition, the audit committee also considers the quality and effectiveness of the Group's risk management procedures.

Principle 5. Maintain the Board as a well-functioning, balanced team led by the Chair

John Watkins is Chairman and CEO. We believe this is not inappropriate for a Group of our size. However, to balance this, Keith Evans has been appointed Deputy Chairman and is a key independent non-executive as required by the QCA Code. This is complemented with the non-executive directorship of Nadeem Raza, who cannot be considered to be independent due to him being the CEO and principle shareholder in Microlise which is a substantial shareholder in the Company. With the resignation of Penny Searles during the year, a new Independent non-executive director is being sought to compliment both Keith and Nadeem.

However, the Board still does not currently meet the requirements for a balance between executive and non-executive Board members. On the Board are the two founding directors, who still are key members of the Management Team. We believe they contribute substantially, given their long association with the Company and, with over 8% of the shares in issue combined, they represent significant shareholders. Jon Edwards, CFO and Mark Watkins as COO are key directors of the Group and so are rightly on the Board.

Details of attendance at the Board and the various committees by directors can be found later in this report.

Whilst not Board members, the monthly Board meetings are also attended on a rotational basis by the Managing Directors of both the Insurance and Fleet divisions. This ensures that the Board members receive first hand operational insight into the two key divisions and allows for the Board members to discuss or challenge strategies on a regular basis.

Principle 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board contains an appropriate mix of engineering, operational, selling and financial expertise. Part of the process of assessing performance is to ensure time is available for each board member to keep up to date in their specialisms.

Part of the assessment of the performance of each director is a review of the training they undertake.

Principle 7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

There is a continuous formal process of individual director objective setting and regular assessment of progress against those objectives for each member of both the Group Board and the Senior Management Team. The process is overseen by John Watkins.

In addition, the financial remuneration and bonuses of the Board and Management Team are directly linked to achieving pre-set objectives. Keith Evans has the responsibility to evaluate John Watkins's performance. To do this he takes soundings, particularly from fellow directors, senior management and major shareholders.

In evaluating the general performance of the Board, a number of factors are reviewed including the attendance, involvement and challenge raised at meetings as well as attendance at Board and Committee meetings where applicable. In addition, where matters arise from each meeting these actions are followed up effectively with updates reported back to the relevant forum.

In considering succession planning for the Board, the Company nurture the best talent through coaching and training ensuring that where available internal promotion is encouraged across the Group. This includes appointment to the Board should the opportunity arise and, should they be required, the Group's recruitment and appointment processes are used.

Principle 8. Promote a corporate culture that is based on ethical values and behaviours

Our corporate culture is driven and underpinned by our company values:

- Integrity, Quality and Pride in our thoughts and our actions
- Innovation in our design, manufacture and delivery of remarkable solutions
- Commitment in our support of customers, partners, colleagues and shareholders
- Teamwork in our mentoring, ownership and passion to win
- Fun and celebration in our work and in our success

All employees have these values explained to them when joining and continually reinforced by their colleagues, mentors and management whenever possible. All members of the Group are encouraged to raise and suggest new ideas that help deliver these values either through their line management or via our regular management meetings.

The Group's mission continues to benefit the environment and our commitment to this is also shown through our continued efforts in maintaining our ISO14001 certification.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

We have a governance structure that is appropriate for a company of our size and corporate evolution. Our governance structures are explained below. As we grow, we recognise that the structure will need to evolve.

John Watkins, as Chairman and CEO, supported by Jon Edwards CFO, is responsible for relations with shareholders and the City, and takes overall responsibility for the Group's strategy and operations. In summary, the other directors are:

- Keith Evans is the senior independent non-executive director and Deputy Chairman.
- Nadeem Raza is a non-executive director.
- Jon Edwards, as CFO, is responsible for all the financial aspects of the company.
- Mark Watkins is COO and responsible for all aspects of Operations and Engineering.
- Tim Cowley is responsible for Product strategy and development.
- Maddie Cowley is responsible for AI

Our processes are continually being improved. For example, our migration to a new data centre ensures significant savings and a streamlined onsite hardware solution which is more cost effective and more appropriate for fixed workload solutions.

Principle 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The list of directors and their expertise and responsibilities are included in this Governance report, and on our website (www.trakm8.com). The Board of Directors meets monthly. For this meeting reports are produced on Risks, Finance, Sales and Marketing, Engineering and Operations. The Legal Counsel also attends, and full minutes are taken.

The Board maintains dialogue with its shareholders through the annual report and accounts, interim report, other regulatory announcements, the AGM and one-to-one meetings with both existing and potential shareholders. Interaction, views and feedback is also sought through discussions at the end of the AGM directly from shareholders and also from our corporate brokers.

BOARD OF DIRECTORS AND COMMITTEES

The Board has operated Audit and Risk, Remuneration and Nomination Committees throughout the period. These bodies operate under formally delegated duties and responsibilities and seek advice from independent third parties as the need arises. The committees during the year have comprised of the three non-executive Directors and the Executive Chairman.

For the financial year ended 31 March 2024 the Directors' attendance at Board and Committee meetings has been as follows:

Type	Board	Audit	Nomination	Remuneration
Total Held in period	10	2	1	2
John Watkins	10	2	1	2
Keith Evans	9	2	1	2
Nadeem Raza	10	2	1	2
Penny Searles*	6	-	1	2
Jon Edwards	10	-	-	-
Mark Watkins	10	-	-	-
Madeline Cowley	10	-	-	-
Tim Cowley	9	-	-	-

* Resigned 15 November 2023

NOMINATIONS COMMITTEE

John Watkins chairs the committee with Keith Evans and Nadeem Raza as members.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. Keith Evans chairs the committee with John Watkins and Nadeem Raza as members. The CFO and other Directors attend as required.

The committee and the external auditor have safeguards to avoid a potential compromise of auditor's objectivity and independence. These include the adoption of a policy that segregates the supply of audit and non-audit services and requires committee approval for the supply of services such as tax services and acquisition related due diligence.

The key issues considered by the Audit and Risk Committee included revenue recognition, capitalisation of development costs, valuation of accrued income and impairment review of Goodwill. The Audit and Risk Committee also reviewed in detail financial projections in concluding on its Going Concern assertion.

REMUNERATION COMMITTEE

The Remuneration Committee's terms of reference include making recommendations on Directors' compensation packages to ensure that the Group enjoys and retains an appropriate level of motivated resources. The Committee engages with external consultants as and where it is deemed beneficial.

The Group has adopted and operates a share dealing code for Directors and employees in accordance with the requirements of the market abuse regulation. John Watkins chairs the committee with Keith Evans and Nadeem Raza as members.

By order of the Board

Jon Edwards
COMPANY SECRETARY
27 July 2024

STATUTORY DIRECTORS REPORT

The Directors submit their Directors' Report and the audited financial statements of the Group for the year ended 31 March 2024.

Trakm8 Holdings PLC is a public listed company incorporated and domiciled in England (Company Number 05452547) whose shares are quoted on AIM, a market operated by the London Stock Exchange plc.

PRINCIPAL ACTIVITIES

The principal activities of the Trakm8 Group are the design, development, manufacture, marketing and distribution of telematics equipment and services and fleet optimisation solutions. Trakm8 Holdings PLC is the holding company for the Trakm8 Group.

FINANCIAL RISK MANAGEMENT

The Group manages its key financial risks as follows. Further details can be found in note 28.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. It is also the Group's policy to mitigate the risk of borrowings by maintaining cash reserves. The Group currently has an unused overdraft facility of £0.5m.

Currency risk

The Group endeavours to minimise its foreign currency exposure by trading in Sterling wherever possible. The two principal foreign currencies used are the US Dollar and the Euro and where possible we endeavour to match inflows and outflows.

Interest rate risk

The Group regularly monitors the risk of increasing interest rate and the effect this would have on our total interest charges. Currently, some of our bank borrowings are linked to variable interest rates and the Group would move to fixed if it was deemed appropriate to minimise the effects of further interest rate rises.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits.

RESULTS AND DIVIDENDS

The Group results for the year ended 31 March 2024 are shown in the Consolidated Statement of Comprehensive Income on page 42. The Directors do not recommend the payment of a dividend (2023: £nil).

RESEARCH AND DEVELOPMENT

The Group has continued to invest in research and development to ensure the future success of the business. During the year the Group capitalised development costs of £2.8m including external purchases and £0.4m was expensed. Further details about the Group's approach to R&D can be found in the Strategic Report.

GOING CONCERN

These financial statements are presented on a going concern basis. The Group's projections for the next 12 months, and downside sensitivity analysis against its projections along with closing cash balances of £1,395,000 and undrawn overdraft facility of £500,000 at 31 March 2024 provide the Directors a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future. Detailed considerations by the Directors are detailed in note 4 on page 59.

FUTURE DEVELOPMENTS

Consideration of the impact of the insurance market and the effect of capacity availability to the Group, has been made in the Executive Chairman's Statement in the Strategic Report. Despite the impact of this issue, the Group is still confident of the growth potential in its chosen markets and that we have the solutions and sales teams to deliver on this opportunity. The Group's Fleet solutions significantly improve customers' efficiencies so this market driver is as relevant now as ever and therefore we expect this part of the business to continue to grow as the impact of the pandemic subsides. Revenues are also expected to increase during the financial year from existing and recently acquired insurance customers.

The Group will continue to invest in its software solutions, algorithms and devices to ensure that the Group retains the market-leading solutions with the widest and deepest offer in the market today.

Further acquisitions will be assessed and only if our strict criteria are met will be progressed.

EMPLOYEES

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices where the Group operates. The Group regularly provides employees with information about the progress of the Group, wider economic factors and also matters likely to be of concern to them. The Group recognises the importance of its employees and their training and conducts annual appraisals with each member of staff.

The Group is committed to employment policies, which follow best practices and are based on equal opportunities for all employees regardless of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. If members of staff become disabled the Group will continue their employment either in the same or an alternative position, with appropriate retraining being given if necessary.

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

John Watkins
Keith Evans
Nadeem Raza
Penny Searles (resigned 15 November 2023)
Jon Edwards
Mark Watkins
Madeline Cowley
Tim Cowley

DIRECTORS AND THEIR INTERESTS

At 31 March 2024, the Directors' interests in the shares of the Company are detailed below:

	1p Ordinary shares at 31 March 2024	% of issued Ordinary share capital (50,004,002 Ordinary shares)	1p Ordinary shares at 31 March 2023	% of issued Ordinary share capital (50,004,002 Ordinary shares)
John Watkins	7,768,768	15.55%	7,768,768	15.55%
Keith Evans	381,119	0.76%	381,119	0.76%
Nadeem Raza*	600,926	1.20%	600,926	1.20%
Jon Edwards	4,418	0.01%	4,418	0.01%
Mark Watkins	318,310	0.64%	318,310	0.64%
Madeline Cowley	1,994,203	3.99%	1,994,203	3.99%
Tim Cowley	2,268,127	4.54%	2,268,127	4.54%

*Nadeem Raza is the CEO and principal shareholder in Microlise which holds 10,000,000 ordinary shares in the Company.

The Directors had no interest in the share capital of the Company's subsidiary undertakings at 31 March 2024 or on the date on which these financial statements were approved.

DIRECTORS' REMUNERATION

The Directors' remuneration for the year ended 31 March 2024 was:

£'000	Salaries & benefits	Fees	Total remuneration to year ended 31 March 2024	Pension contribution	**Total aggregate emoluments to year ended 31 March 2024**	**Total aggregate emoluments to year ended 31 March 2023**
John Watkins	324	-	324	-	324	339
Keith Evans	41	2	43	-	43	47
Nadeem Raza	40	-	40	1	41	39
Penny Searles*	25	-	25	1	26	39
Jon Edwards	147	-	147	6	153	126
Mark Watkins	196	-	196	8	204	193
Madeline Cowley	121	-	121	4	125	115
Tim Cowley	124	-	124	4	128	119
Total	1,018	2	1,020	24	1,044	1,017

* Resigned 15 November 2023

DIRECTORS' SHARE OPTIONS

At 31 March 2024 the following options had been granted to the Company's Directors and remain current and unexercised:

	Option exercise price	Balance as at 1 April 2023	Granted during year	Exercised during year	Expired/ forfeited during year	Balance as at 31 March 2024	Expiry date
John Watkins	£0.45	250,000	-	-	250,000	-	21/01/2024
	£0.34	125,000	-	-	-	125,000	04/03/2029
	£0.34	300,000	-	-	-	300,000	04/03/2029
	£0.33	100,000	-	-	-	100,000	23/07/2030
Keith Evans	£0.34	75,000	-	-	-	75,000	27/05/2029
	£0.34	50,000	-	-	-	50,000	27/05/2029
	£0.33	25,000	-	-	-	25,000	26/11/2030
	£0.17	-	75,000	-	-	75,000	05/07/2033
Madeline Cowley	£0.45	125,000	-	-	125,000	-	21/01/2024
	£0.34	25,000	-	-	-	25,000	04/03/2029
	£0.33	100,000	-	-	-	100,000	26/11/2030
	£0.27	75,000	-	-	-	75,000	16/11/2031
Tim Cowley	£0.45	125,000	-	-	125,000	-	21/01/2024
	£0.34	50,000	-	-	-	50,000	04/03/2029
	£0.33	100,000	-	-	-	100,000	26/11/2030
	£0.27	50,000	-	-	-	50,000	16/11/2031
Mark Watkins	£0.58	200,000	-	-	-	200,000	06/04/2024
	£0.34	125,000	-	-	-	125,000	04/03/2029
	£0.34	250,000	-	-	-	250,000	04/03/2029
	£0.33	100,000	-	-	-	100,000	23/07/2030
	£0.33	25,000	-	-	-	25,000	26/11/2030
	£0.16	300,000	-	-	-	300,000	11/07/2031
	£0.17	-	150,000	-	-	150,000	05/07/2033
Jon Edwards	£0.82	25,000	-	-	-	25,000	30/07/2024
	£0.34	50,000	-	-	-	50,000	04/03/2029
	£0.20	25,000	-	-	-	25,000	23/07/2030
	£0.27	300,000	-	-	-	300,000	16/11/2031
	£0.17	-	150,000	-	-	150,000	05/07/2033
Nadeem Raza	£0.33	25,000	-	-	-	25,000	23/07/2030
	£0.17	-	25,000	-	-	25,000	05/07/2033

All share options were issued at a premium to the mid-market closing share price on the day prior to the issue, except for the options issued on the 22 January 2014 and 6 April 2014 which were issued at the open market price on the day the options were granted.

The Group provides qualifying third party indemnity provisions for the Directors which was in place throughout the year and has remained in place since the year end.

TREASURY SHARES

At 1 April 2023 and 31 March 2024 the Company held 29,000 of its own 1p Ordinary shares representing 0.06% (2020: 0.06%) of the called up share capital. There were no purchases or sales by the Company during the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

Each Director who was in office on the date of approval of these financial statements has confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK adopted international accounting standards ("IFRSs") as adopted by the United Kingdom and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EVENT AFTER THE REPORTING PERIOD

On 2nd April, in order to fund the Group's software purchase with Freedom, the Group entered into a new Unsecured Convertible loan note totalling £990,000 with existing Directors and a number of external parties. The terms of this were a fixed interest rate of 18%, conversion price of £0.081 with the loan note holders having the option to convert or be repaid on 14th September 2025.

In addition, the existing unsecured Convertible Loan Notes originating in September 2022 were extended with conversion or repayment due 14th September 2025. In addition, the terms were adjusted to a fixed interest rate of 18% and conversion price of £0.081.

INDEPENDENT AUDITOR

A resolution to reappoint Cooper Parry Group Limited, as auditor, will be put to the members at the Annual General Meeting.

By approval of the Board on 27 July 2024.

Jon Edwards
COMPANY SECRETARY

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Trakm8 Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We adopted a risk based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

Our Group audit scope focused on the Group's principal trading subsidiaries, Trakm8 Limited and Route Monkey Limited which were subject to a full scope audit. Together with the parent company and its group consolidation, which was also subject to a full scope audit, these entities represent the principal business units of the Group and account for 98% of the Group's revenue, 99% of the Group's loss before tax and 100% of the Group's net assets. In performing our testing we utilised performance materiality of £145,800, equating to approximately 90% of materiality.

In order to address the matters described in the Key audit matters section we performed focused audit procedures over these areas, including reference to external market data and publicly available market information in relation to assumptions used.

The accounting for all principal trading subsidiaries in the group is located in the UK, with all audit work over these components performed by the group audit team. Therefore, there is no requirement to utilise separate component auditors.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RISK OF ERROR IN REVENUE RECOGNITION FOR MULTI-ELEMENT ARRANGEMENTS

Matter

The Group enters into contracts where there are multiple deliverables to be provided to the customer. These typically include the provision of hardware, software and services, or software and services. The accounting for these contracts involves a higher degree of judgement, including:

- Determining whether the contract contains performance obligations which should be separated for revenue recognition purposes and whether each of those elements should be recognised at a point in time or over time;
- Determining the allocation of consideration on a fair value basis between components of multi-element contracts; and
- Determining the point at which it is appropriate to recognise revenues where revenues are recognised in advance of billings.
- Determining the recoverability of contract assets.

Given the above, there is a risk that revenue is not accounted for appropriately.

Response

We have tested the accounting for multi-element contracts and the associated revenues recognised in the year. Our procedures included:

- Review of a sample of contracts with customers to ensure that separate deliverables within contracts have been identified in line with contractual terms. Where separate deliverables have been identified we have checked that the revenue recognition methodology applied appropriately separates out each deliverable;
- Testing of the fair values of revenues attributed to different deliverables within the contract by reference to appropriate supporting evidence, including standalone selling prices for different elements of revenue or, where these do not exist, similar objective evidence derived from contract pricing over a number of years; and
- Review of contractual terms to check that where revenues are recognised in advance of billings, the Group has an enforceable right to receive consideration in the future.

Based on the work performed we found that contracts containing more than one deliverable had been appropriately identified, and revenues had been separately identified and allocated between different deliverables on a reasonable basis. Where revenues had been recognised in advance of billings we found that the Group had an enforceable right to receive consideration in the future.

CAPITALISATION OF INTERNALLY GENERATED INTANGIBLE ASSETS

Matter

The Group continues to incur material expenditure on development activities (including software). This expenditure is capitalised when the development project meets the criteria of International Accounting Standard 38 'Intangible Assets' (IAS 38). During the year the Group capitalised £2.1m of development and software expenditure on internally generated intangible assets. The capitalised costs consist of internal labour and external bought in costs. IAS 38 sets out specific criteria that must be met for an asset to be capitalised. These include:

- whether it is probable that the expected future economic benefits attributable to the asset will flow to the Group;
- that the cost of the asset can be measured reliably;
- that the technical feasibility of completing the asset can be demonstrated such that it will be available for use or sale;
- that there is an intention to complete the asset and use or sell it;
- that the Group has the ability to use or sell the asset; and
- that the Group has adequate technical, financial and other resources to complete the development and to use or sell the asset.

Management apply judgement in determining whether or not these criteria are met and there is therefore a risk that expenditure may be incorrectly capitalised.

Response

We tested a sample of projects against which costs had been capitalised during the year to validate that the projects met each of the relevant criteria within IAS 38 to support the capitalisation of costs. We also tested a sample of costs capitalised during the year to confirm that the cost of the asset could be reliably measured and had been accurately recorded by agreeing the capitalised costs back to appropriate audit evidence, for example timesheet records, invoices or similar supporting documentation. Based on our work performed we found that management's assessment of projects against the capitalisation criteria within IAS 38 was reasonable, and that costs capitalised within projects were recorded on an appropriate basis.

GOODWILL IMPAIRMENT ASSESSMENT

Matter

The Group has a material goodwill balance which is required to be tested for impairment on an annual basis in accordance with International Accounting Standard 36 'Impairment of Assets' (IAS 36). Total goodwill at year end was £10.4m. Goodwill has been tested by reference to its value in use. Valuations of this nature are inherently subjective and involve a high degree of estimation, for example over future cash flows of the group, discount rates applied to those cash flows and terminal growth rates. This gives rise to an increased risk of error in the calculation of value in use and therefore in the overall impairment assessment.

Response

We have performed audit procedures over management's impairment assessment, including the following procedures:

- Testing of the integrity of the cash flow model and the methodology applied;
- Assessing key assumptions including future cash flows, discount rates and growth rates, including sensitivity of these assumptions.
- Agreeing future cash flows to Board approved budgets and considered the appropriateness of these budgets by reference to historical performance of the Group, including understanding revenue split between recurring and non-recurring, as well as sales orders and pipeline.
- Considering 2 year extended forecasts approved by the board.
- Assessing the terminal growth rate against long-term GDP growth in the UK and testing the calculation of the discount rate.
- Performing sensitivity analysis over key assumptions, in particular testing what level of sensitivity in the assumptions would cause impairment.

Based on our audit procedures performed we found the model itself, the methodology, the forecasts and the assumptions used in the calculation were appropriate and we concluded that there was no impairment of goodwill. We also found that the related sensitivity disclosures in the financial statements were appropriate.

GOING CONCERN

Matter

Management (including the Board and Audit Committee) invested a significant amount of time to fully consider the implications of general economic conditions on the going concern position of the Group. Management considered implications for the Group's going concern assessment, impairment of certain assets and appropriate disclosure in the Annual Report and accounts, by developing forecasts based on various scenarios to model potential impacts.

Response

We reviewed management's forecast scenarios including levers available to management to mitigate the impacts. Based on the information available at the time of the directors' approval of the financial statements and our signing of our audit opinion, we consider the scenarios to be reasonable whilst noting the impact of general economic conditions on future sales and other inputs.

We challenged management on the key assumptions included in the scenarios and confirmed that management's mitigating actions are within their control. We considered the potential impact on the balance sheet, specifically around trade and other receivables, inventory, intangible assets and right of use assets and do not consider there to be any indicators of material impairment as at the balance sheet date or subsequently (for disclosure only). We reviewed management's disclosures in relation to going concern and found them to be consistent with the forecast scenarios performed.

We further reviewed debt agreements currently in place to agree covenants and repayment terms, and any new loan agreements entered into to the date of approval of the financial statements, together with any applicable covenants. We recalculated covenant compliance in the year and assessed forecast covenant compliance and confirmed that there are no indications of the covenants being breached.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £162,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents approximately 1% of group revenue.

The materiality for the parent company financial statements as a whole was set at £129,000. This has been determined with reference to the benchmark of the parent company's net assets which we consider to be an appropriate measure for a parent company such as this. Materiality represents 1.5% of the parent company net assets, as a result of us restricting parent company materiality to 80% of the materiality used for the group financial statements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of forecast scenarios on the balance sheet and banking covenants, specifically around trade and other receivables, inventory, intangible assets and right of use assets; and
- Evaluating disclosures in the financial statements.

The key observations arising with respect to our evaluation included:

- Disclosures made in the notes to the financial statements appear appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK-adopted international accounting standards and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor

Sky View, Argosy Road
East Midlands Airport
Derby
DE74 2SA

27 July 2024

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	Year ended 31 March 2024	Year ended 31 March 2023
		£'000	£'000
REVENUE	6	16,088	20,197
Cost of sales		(5,695)	(7,445)
Exceptional cost of sales	9	-	(261)
Total cost of sales		(5,695)	(7,706)
Gross profit		10,393	12,491
Other income	7	-	16
Administrative expenses excluding exceptional costs		(10,919)	(11,860)
Exceptional administrative costs	9	(115)	(1,272)
Total administrative costs		(11,034)	(13,132)
OPERATING LOSS	8	(641)	(625)
Finance income		18	50
Finance costs	10	(860)	(668)
LOSS BEFORE TAXATION		(1,483)	(1,243)
Corporation tax	11	272	460
LOSS FOR THE YEAR		(1,211)	(783)
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(7)	9
TOTAL OTHER COMPREHENSIVE INCOME		(7)	9
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,218)	(774)
LOSS BEFORE TAXATION		(1,483)	(1,243)
Exceptional Cost of Sales		-	261
Exceptional administrative costs		115	1,272
IFRS2 Share based payments charge/(release)		24	16
ADJUSTED (LOSS)/PROFIT BEFORE TAX	6	(1,344)	306
LOSS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	13	(2.42p)	(1.57p)
Diluted	13	(2.42p)	(1.57p)

The results relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	As at 31 March 2024	As at 31 March 2023 (restated)
ASSETS		£'000	£'000
NON CURRENT ASSETS			
Intangible assets	14	23,828	23,382
Property, plant and equipment	15	1,123	1,103
Right of use assets	16	1,558	1,711
Other receivables	18	953	1,693
		27,462	27,889
CURRENT ASSETS			
Inventories	17	2,506	2,426
Trade and other receivables	18	3,613	6,259
Corporation tax receivable		363	856
Cash and cash equivalents		1,395	1,119
		7,877	10,660
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	(8,255)	(9,196)
Borrowings	21	(2,502)	(1,031)
Lease liability	21	(489)	(466)
Provisions	22	(24)	(74)
		(11,270)	(10,767)
CURRENT ASSETS LESS CURRENT LIABILITIES		(3,393)	(107)
TOTAL ASSETS LESS CURRENT LIABILITIES		24,069	27,782
NON CURRENT LIABILITIES			
Trade and other payables	20	(895)	(828)
Borrowings	21	(3,165)	(5,435)
Lease liability	21	(831)	(1,113)
Provisions	22	(208)	(166)
Deferred income tax liability	19	(1,035)	(1,111)
		(6,134)	(8,653)
NET ASSETS		17,935	19,129
EQUITY			
Share capital	23	500	500
Share premium		14,691	14,691
Merger reserve		1,138	1,138
Translation reserve		205	212
Treasury reserve		(4)	(4)
Convertible Loan reserve		11	11
Retained earnings		1,394	2,581
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		17,935	19,129

The notes on pages 46 to 82 are an integral part of these consolidated financial statements. These financial statements on pages 42 to 82 were approved by the Board of directors and authorised for issue on 27 July 2024 and are signed on its behalf by:

John Watkins - Director

Jon Edwards - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Share premium	Merger reserve	Translation reserve	Treasury reserve	Convertible Loan Reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2022	500	14,691	1,138	203	(4)	0	3,348	19,876
Comprehensive income								
Income for the year	-	-	-	-	-	-	(783)	(783)
Other comprehensive income								
Exchange differences on translation of overseas operations	-	-	-	9	-	-	-	9
Total comprehensive income	-	-	-	9	-	-	(783)	(774)
Transactions with owners								
IFRS2 Share-based payments charge	-	-	-	-	-	-	16	16
Convertible Loan	-	-	-	-	-	11	-	11
Transactions with owners	-	-	-	-	-	11	16	27
Balance as at 1 April 2023	500	14,691	1,138	212	(4)	11	2,581	19,129
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(1,211)	(1,211)
Other comprehensive income								
Exchange differences on translation of overseas operations	-	-	-	(7)	-	-	-	(7)
Total comprehensive loss	-	-	-	(7)	-	-	(1,211)	(1,218)
Transactions with owners								
IFRS2 Share based payments charge	-	-	-	-	-	-	24	24
Convertible Loan	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	24	24
Balance as at 31 March 2024	500	14,691	1,138	205	(4)	11	1,394	17,935

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	25	6,065	4,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(740)	(749)
Purchases of software		(500)	(12)
Capitalised development costs		(2,357)	(2,658)
NET CASH USED IN INVESTING ACTIVITIES		(3,597)	(3,419)
CASH FLOWS FROM FINANCING ACTIVITIES			
New convertible loan note		-	1,580
Loan arrangement fees		(42)	(36)
Repayment of loans		(821)	(1,095)
Repayment of obligations under lease agreements		(542)	(619)
Interest paid		(787)	(610)
NET CASH USED IN FINANCING ACTIVITIES		(2,192)	(780)
NET INCREASE IN CASH AND CASH EQUIVALENTS		276	115
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,119	1,004
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,395	1,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Trakm8 Holdings PLC ("Company") and its subsidiaries (together the "Group") develop, manufacture, distribute and sell telematics devices and services and optimisation solutions.

Trakm8 Holdings PLC is a public limited company incorporated in the United Kingdom (registration number 05452547). The Company is domiciled in the United Kingdom and its registered office address is 4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG. The Company's Ordinary shares are traded on the AIM market of the London Stock Exchange. The Company is registered in England and is limited by shares.

The Group's principal activity is the development, manufacture, marketing and distribution of vehicle telematics equipment and services and optimisation solutions. The Company's principal activity is to act as a holding company for its subsidiaries.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

2 PREPARATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3 BASIS OF PREPARATION

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2024.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies as disclosed within notes 4 and 5.

4 ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments, as described in the accounting policies set out below.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The trading results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the Statement of Comprehensive Income. All acquisition expenses have been reported within the consolidated Statement of Comprehensive Income immediately.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statements of Comprehensive Income and related notes.

4 ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue represents the total of amounts receivable for goods and services provided excluding value added tax.

The Group enters into sale of multi-element contracts, which contain a combination of separate performance obligations which can include hardware, software and different services, including telematics services, software maintenance, installation and configuration consulting contracts. Each performance obligation is allocated a transaction price based on the stand-alone selling prices. Where stand-alone prices are not directly observable, they are estimated based on expected cost plus margin.

Revenue on the sale of telematics devices and other hardware is recognised when control transfers to a customer, or where bill and hold arrangements exist, when the products are identified separately as belonging to the customer and currently ready for physical transfer to the customer. If the contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title passed and the customer has accepted the hardware.

Revenue for telematics services, being the provision of data and data analytics to customers, is recognised in the accounting period in which the services are rendered. The appropriate portion of service revenue invoiced in advance covering future periods is shown as deferred income within current and non current liabilities.

Revenue for installation services is recognised when the performance obligation per the contract is complete.

Revenue from the sale of perpetual software licenses is recognised when the software is made available for use by the customers. Revenue from the development of software and the integration of software with customers existing systems is recognised over the life of the development project by reference to percentage of completion. Revenue for engineering services is recognised as the services are provided.

Revenue from software maintenance contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised over the support term. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Revenue from SaaS (software as a service) contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised over the contract term. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Revenue from configuration consulting contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised as related services are performed. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Rental income from operating leases and rental of equipment is recognised on a straight-line basis over the term of the lease or rental period.

4 ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Certain assets sold by the Group where substantially all the risk and rewards of ownership of the assets have been transferred to the customer, of which the customer is paying over a number of future periods are classified as finance leases. Revenue is recognised at the present value of the minimum lease payments at the inception of the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Invoicing for all revenue streams is undertaken in accordance with the terms of the agreement with the customer. Where this is different to revenue recognition either accrued or deferred income is recognised on the Statement of Financial Position as appropriate.

In cases where customers pay for the goods and services over an agreed period, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as investment income over the payment period.

Grant Income

Government grants for revenue expenditure are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. For grants relating to assets the grant is deducted from the carrying amount of the asset.

4 ACCOUNTING POLICIES (CONTINUED)

Leases

The Group has adopted IFRS 16 Leases with effect from 1 April 2019 using the modified retrospective approach.

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - o The Group has the right to operate the asset; or
    - o The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected to separate non-lease components and therefore accounts for the lease and non-lease components as separate lease components.

Group as lessee
At inception of a contract the Group assesses whether the contract is or contains a lease as detailed above.
Where a lease is identified the Group recognises a right of use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

4 ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lease liability – initial recognition
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position, split between current and non-current liabilities.

Lease liability – subsequent measurement
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – re-measurement
The lease liability is re-measured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate or;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) or;
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

When the lease liability is re-measured, an equivalent adjustment is made to the right of use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in the Statement of Comprehensive Income.
Where the lease liability is denominated in a foreign currency it is retranslated at the Statement of Financial Position date with foreign exchange gains and losses recognised in the Statements of Comprehensive Income.

4 ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Right of use asset – initial recognition
The right of use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right of use asset, unless those costs are incurred to produce inventories.
The right of use asset is presented as a separate line in the Statement of Financial Position.

Right of use asset – subsequent measurement
Right of use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment
The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy.
Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.
As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Short term leases and low value assets
For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Exceptional Items

Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. See note 9 for further details.

4 ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profits for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Research and Development tax credits (SME R&D tax relief) are shown as part of the current tax charge for the year in the Statement of Comprehensive Income.

Research and Development Expenditure Credit ('RDEC') in relation to research and development costs not claimed under SME R&D tax relief are shown as part of other income in the Statement of Comprehensive Income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in the foreseeable future.

Deferred tax on share based payments is recognised in the Statement of Comprehensive Income to the extent that the future tax deduction does not exceed the charge in the Statement of Comprehensive Income. Deferred tax for the excess is recognised directly in Statement of Changes in Equity.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted at the year end.

Share-Based Payments

The Group issues equity-settled share-based payments to certain employees. The Group has applied the requirements of IFRS 2 Share-based payment, the corresponding entry to the expense in the Statement of Comprehensive Income is recognised in equity within the Statement of Changes in Equity. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes pricing model, whilst historic schemes which include an exercise restriction are measured using the Monte Carlo option pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

4 ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the fair value of the consideration over the Group's interest in the fair value of identifiable net assets (including intangible assets) acquired. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Any impairment identified as a result of the review is charged in the Statement of Comprehensive Income.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets other than Goodwill

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost less amortisation. Amortisation is charged to 'Administrative expenses' in the Statement of Comprehensive Income on a straight-line basis over the intangible assets' useful economic life. The nature of intangible assets recognised and their amortisation rates for each category are:

Software	20 - 50%	Straight line
Development cost	10 - 50%	Straight line

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised as an intangible asset only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably;
- it meets the Group's criteria for technical and commercial feasibility; and
- sufficient resources are available to meet the development costs to either sell or use as an asset.

Intangible Assets acquired as part of a Business Combination

For acquisitions, the Group recognises intangible assets separately from goodwill provided they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets are initially recognised at fair value, which is regarded as their cost. Intangible assets are subsequently held at cost less accumulated amortisation and impairment losses. Where intangible assets have finite lives, their cost is amortised on a straight-line basis over those lives. The nature of intangible assets recognised and their amortisation rates for each category are:

Software	10 - 20%	Straight line
Websites	33 - 50%	Straight line
Intellectual property	20%	Straight line
Customer relationships	33%	Straight line

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4 ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses. With the exception of freehold buildings held at 31 March 2006 (the date of transition to IFRS), cost represents purchase price together with any incidental costs to acquisition. As permitted by IFRS 1, the cost of freehold buildings at 31 March 2006 represents deemed cost, being the market value of the property for existing use at that date.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write each asset down to its estimated residual value over its expected useful life. In summary the depreciation rates used for each category is as follows:

Freehold property	2%	Straight line
Furniture, fixtures and equipment	5% - 10%	Straight line
Computer equipment	20%	Straight line
Motor vehicles	25%	Straight line

Property, Plant and Equipment Impairment

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories comprising raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value. In general cost is determined on weighted average cost basis and includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

4 ACCOUNTING POLICIES (CONTINUED)

Trade Receivables

Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. The IAS 39 category, Loans and Receivables, required assets to be measured at amortised cost and therefore the change in category in the adoption of IFRS 9 does not in fact result in a change in measurement of trade receivables.

The Group recognises an allowance for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL.

The directors have taken the simplification available under IFRS 9.5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financial component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financial component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification.
The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts where applicable.

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Financial liabilities and equity instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Bank Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Bank borrowings are presented in the Statement of Financial Position analysed between Current and Non-Current liabilities.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

4 ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the net expenditure required to settle the obligation at the year-end date and are discounted to present value where the effect is material.

Equity

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Translation reserve represents cumulative foreign exchange gains and losses on retranslation of overseas operations.

Treasury reserve represents the cost of shares held in Treasury. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Retained earnings represents retained profits and the share based payment reserve.

4 ACCOUNTING POLICIES (CONTINUED)

Foreign Currencies

Sterling is the presentational currency of the Group. The functional currency of the companies within the Group is sterling. This is based on the Group's workforce being based in the UK and that sterling is the currency in which management reporting and decision making is based.

Foreign currency monetary assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the Statement of Comprehensive Income as they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's reserves. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board have assessed that there continues to be one segment following the integration of the Trakm8 and Route Monkey businesses. This segment has one separate revenue stream of Integrated Telematics Technology.

4 ACCOUNTING POLICIES (CONTINUED)

Going Concern

These financial statements are prepared on a going concern basis after assessing the principal risks. To monitor the future cash position the Group produces projections of its working capital and long term funding requirements covering 3 months in detail and 1 and 2 year projections. These projections are updated on a regular basis to reflect current trading and latest information on future trading. The Group does have a substantial recurring revenue base that accounts for 62% of revenues that provide a strong underlying base. Further consideration of other significant risks and the mitigations the Group has developed are detailed in page 15.

The Group extended its debt facilities with HSBC in March 2024 to 31 July 2025 with capital payments paused until October 2024. The facility with Maven was at the same time amended to include interest only payments until September 2024.

At the year end the Group has cash balances of £1,395,000 and an unused overdraft facility of £500,000. The Groups latest projections for twelve months from the date of signing the financial statements show that the Group has sufficient cash resources and will meet its covenants with headroom for the foreseeable future. The Group has completed adverse sensitivities against its current projections to reflect potential external risks where the wider economic climate reduces demand, across both Insurance and Automotive device sales and Fleet new business contracts, as well as potential increases in material costs incurred.

To assess the potential impact of these, a 10% reduction in Fleet new business contract value and Insurance shipments and a 10% increase in material costs were modelled against the Groups current forecast. Despite the cumulative impact of these changes the Group still maintains compliance with the covenants for the coming twelve months without the inclusion of any mitigations that could and would be implemented such as price increases and savings in both direct and indirect costs.

On this basis the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future and therefore it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

4 ACCOUNTING POLICIES (CONTINUED)

Changes In Accounting Standards and Disclosures

The Group did not adopt any new standards, or new provisions of amended standards during the current financial year.

Outlook for Adoptions of Future Standards (New and Amended)

At the date of authorisation of these Consolidated Financial Statements, there were no new or revised IFRSs, amendments or interpretations in issue but not yet effective that are potentially relevant for the Group and which have not yet been applied.

5 CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, which are described in note 4, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue Recognition

Revenue is recognised with reference to the fair value of contracts.

Based on revenue recognition criteria in note 4 above, the allocation of transaction price to different performance obligations was identified as the only part of the criteria that is a significant judgement.

Management applies judgement on contracts which involve more than one deliverable. Each deliverable is assigned to one or more separate element of revenue and the contract consideration is allocated to each element based on its relative fair value. Determining the fair value of each element can require complex estimates due to the nature of goods and services provided. A fair value is estimated for each element based on equivalent sales prices where it is sold on a standalone basis after considering volume discounts when applicable.

The split between initial recognition for products supplied and subsequent recognition for service revenue over the contract period and allocating the fair value between these elements is another key judgement made by management in ensuring appropriate revenue recognition.

Management also assesses the state of completion of engineering services, software development and integration projects by reference to work done, elements delivered and services provided to the customer.

Capitalised Development Costs

At the start of a project, management assesses whether or not the project meets the criteria for capitalisation under the requirements of IAS 38. Subsequently, the recoverability of capitalised development costs is dependent on assessments of the future commercial viability of the relevant products and processes. Management assess this viability based on market knowledge and demand from customers for improvements to existing product, service and software capabilities.

5 CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key estimations at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of Trade Receivables and Accrued Income

Management are particularly conscious of the financial weakness of some companies and closely monitors its outstanding debtor book in order to minimise the risk associated with future bad debts. Active credit control management is undertaken with a credit approval process in place and active monitoring of accounts resulting in future supplies being stopped if debts remain overdue. An increasing number of customers taking the Group's services pay by direct debit and this is reducing the Group's exposure to the non-recoverability of trade receivables in the future.

The Group recognises an allowance for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL.

The directors have taken the simplification available under IFRS 9.5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financial component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financial component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 14.

6 SEGMENTAL ANALYSIS

The chief operating decision maker ("CODM") is identified as the Board. It continues to define all the Group's trading under the single Integrated Telematics Technology segment and therefore review the results of the group as a whole. Consequently all of the Group's revenue, expenses, assets and liabilities are in respect of one Integrated Telematics Technology segment.

The Board as the CODM review the revenue streams of Integrated Fleet, Optimisation, Insurance and Automotive Solutions (Solutions) as part of their internal reporting. Solutions represents the sale of the Group's full vehicle telematics and optimisation services, engineering services, professional services and mapping solutions to customers.

A breakdown of revenues within these streams are as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Solutions:	16,088	20,197
Fleet and Optimisation	9,511	11,475
Insurance and Automotive	6,577	8,722

A geographical analysis of revenue by destination is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
United Kingdom	15,780	19,769
Rest of Europe	299	397
Rest of World	9	31
	16,088	20,197

Adjusted profit before tax is monitored by the Board and measured as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss before tax	(1,483)	(1,243)
Exceptional costs (note 9)	115	1,533
Share based payments	24	16
Adjusted profit before tax	(1,344)	306

7 OTHER INCOME

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Grant income	-	16
	-	16

8 OPERATING (LOSS)/PROFIT

The following items have been included in arriving at operating (loss)/profit:

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Depreciation		
- owned assets (see note 15)	271	227
- right of use assets (see note 16)	498	540
Amortisation of intangible assets		
- owned assets (see note 14)	2,411	2,300
Other operating lease rentals	45	96
Research and development expensed through the Profit and Loss	433	395
Loss on disposal of property plant and equipment	449	222
Gain on disposal of Right of Use Assets	(62)	-
Loss on foreign exchange transactions	12	32
Staff costs (note 12)	4,439	5,693
Exceptional cost of sales (see note 9)	-	261
Exceptional administrative costs (see note 9)	115	1,272
Auditor's remuneration		
- Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	98	100

9 EXCEPTIONAL COSTS

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Exceptional costs of sales		
Covid-19 - component acquisition	-	261
	-	261
Exceptional administrative costs		
Covid-19 - other costs	-	234
Integration & restructuring costs	115	1,038
Total exceptional administrative costs	115	1,272
Total exceptional costs	115	1,533

9 EXCEPTIONAL COSTS (CONTINUED)

In the prior year, the Group completed a review of its strategy and significantly reduced its sales and marketing resources, engineering investment and associated support functions. In addition, the Group completed a refresh of its hardware platforms and narrowed its product range accordingly. Costs were incurred during the prior year through a reduction in headcount, inventory write down, non-refundable marketing event deposits and associated professional service costs. During the current year this activity was finalised with professional services and termination fees incurred through the exit of a lease property that was no longer required due to the narrower focus of activities.

In the prior year the Group also incurred exceptional costs relating to the COVID-19 pandemic. These costs include the increased cost of temporarily buying inventory from auxiliary markets to ensure continuity of supply of key components which were in constraint due to supply chain issues caused by the pandemic. In addition, the group terminated a contract with a customer affected by ongoing issues following the pandemic.

10 FINANCE COSTS

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Interest on loans	652	510
Amortisation of debt issue costs	66	58
Interest on lease liabilities	142	100
	860	668

11 INCOME TAX

Tax credit for the year

The tax credit for the year is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable/(receivable) on the taxable income in the year and any adjustments to the tax payable/(receivable) in the previous years. Deferred tax is explained in note 19.

		Year ended 31 March 2024	Year ended 31 March 2023
		£'000	£'000
Current tax	current year credit	(361)	(856)
	prior year adjustment	165	27
	sub total	(196)	(829)
Deferred tax	current year charge	155	369
	tax rate change	-	-
	prior year adjustment	(231)	-
	sub total	(76)	369
Income tax credit	Total	(272)	(460)

11 INCOME TAX (CONTINUED)

Factors affecting the tax charge

The tax assessed for the year is higher (2023: lower) than the applicable rate of corporation tax in the UK. The difference is explained below:

		Year ended 31 March 2024	Year ended 31 March 2023
		£'000	£'000
Loss before tax		(1,483)	(1,243)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)		(371)	(236)
Effects of:			
Expenses not deductible/income not taxable		91	(21)
R&D relief enhanced deduction		70	(368)
Adjustments in respect of prior periods:	Deferred tax	(231)	28
	Current tax	165	27
Opening and closing deferred tax rate adjustment		-	91
Other movements		3	19
Total tax credit		(272)	(460)

Tax on exceptional items

The tax effect of exceptional items is to increase the tax credit by £29,000 (2023: £291,000).

R&D relief enhanced deduction

This deduction is available on research and development work done by the Group to develop and enhance its data analytics functionality and telematics hardware.

Prior year adjustment

The prior year adjustment mainly relates to the R&D tax credits and capital allowances claim that were finalised during the year.

Factors affecting future tax changes

The standard rate of corporation tax in the UK for the year was 25% (2023: 19%). On the 3 March 2021 it was announced that the corporation tax rate would increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021. As a result current year deferred tax is calculated at 25%.

12 EMPLOYEES

	Year ended 31 March 2024	Year ended 31 March 2023
	No.	No.
The average monthly number of persons (including Directors) employed by the Group was:		
Engineering	45	57
Sales, Marketing & Customer Services	36	51
Manufacturing and Logistics	24	25
Administration	16	18
	120	151

Staff costs for the employees and Directors (included under Administrative expenses and Cost of sales):

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Wages and Salaries	3,915	4,935
Social security costs	475	637
Share based payments	24	16
Other pension costs	89	105
	4,503	5,693

The compensation for key management personnel was as follows (included under Administrative expenses and Cost of sales):

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Salaries and other short-term employee benefits	1,304	1,279
Post-employment benefits	27	38
Share based payments	15	10
	1,346	1,327

The key management personnel are the Directors and three (2023:3) senior managers who have previously been identified as key management personnel.

The key management personnel made gains of £nil (2023: £nil) on the exercise of share options during the year.

Details of Directors' fees and salaries, bonuses and pensions (including that of the highest paid Director) and are given in the Directors' Report on page 31.

13 EARNINGS PER ORDINARY SHARE

The earnings per Ordinary share have been calculated in accordance with IAS 33 using the (loss)/profit for the year and the weighted average number of Ordinary shares in issue during the year as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Loss for the year after taxation	(1,211)	(783)
Exceptional administrative costs	115	1,533
Share based payments	24	16
Tax effect of adjustments	(29)	(291)
Adjusted (loss)/profit for the year after taxation	(1,101)	475
	No.	No.
Number of Ordinary shares of 1p each at 31 March	50,004,002	50,004,002
Basic weighted average number of Ordinary shares of 1p each	50,004,002	50,004,002
Diluted weighted average number of Ordinary shares of 1p each	50,004,002	50,004,002
Basic loss per share	(2.42p)	(1.57p)
Diluted loss per share	(2.42p)	(1.57p)
Adjust for effects of:		
Exceptional costs	0.17p	2.48p
Share based payments	0.05p	0.03p
Adjusted basic (loss)/earnings per share	(2.20p)	0.95p
Adjusted diluted (loss)/earnings per share	(2.20p)	0.95p

14 INTANGIBLE ASSETS

	Goodwill	Intellectual property	Customer relationships	Development costs	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2022	10,417	1,920	100	22,153	1,807	36,397
Additions - Internal developments	-	-	-	2,320	-	2,320
Additions - External purchases	-	-	-	338	12	350
As at 31 March 2023	10,417	1,920	100	24,811	1,819	39,067
Additions - Internal developments	-	-	-	2,142	-	2,142
Additions - External purchases	-	-	-	215	500	715
As at 31 March 2024	10,417	1,920	100	27,168	2,319	41,924
Amortisation						
As at 1 April 2022	-	1,920	100	9,917	1,448	13,385
Charge for year	-	-	-	2,125	175	2,300
As at 31 March 2023	-	1,920	100	12,042	1,623	15,685
Charge for year	-	-	-	2,345	66	2,411
As at 31 March 2024	-	1,920	100	14,387	1,689	18,096
Net Book Amount						
As at 31 March 2024	10,417	-	-	12,781	630	23,828
As at 31 March 2023	10,417	-	-	12,769	196	23,382
As at 1 April 2022	10,417	-	-	12,236	359	23,012

Goodwill arose in relation to the Group's acquisition of 100% of the share capital of Roadsense Technology Limited (Roadsense), Route Monkey Limited (Route Monkey), Box Telematics Limited (Box) and DCS Systems Limited (DCS).

Since the acquisition Roadsense, Box, Route Monkey and DCS have been incorporated into the Trakm8 business. These businesses have therefore been assessed as one cash generating unit for an impairment test on Goodwill.

The impairment review has been performed using a value in use calculation.

The impairment review has been based on the Group's budgets & forecasts for FY-2025 which have been reviewed and approved by the Board and projections for FY-2026. Forecasts for the subsequent 3 years have been produced based on 7% (a prudent growth rate for telematics market) growth rates in revenue and EBITDA in each year. A net present value has been calculated using a pre tax discount rate of 9% (Group's weighted average cost of capital) which is deemed to be a reasonable rate taking account of the Group's cost of funds and an extra element for risk. A terminal value has been calculated and included in the discounted cash flow forecasts used within the model to fully support the goodwill value. A growth rate of 2% was used to determine the terminal value.

The forecast shows sufficient headroom of cash flow above the net assets value when we have performed sensitivity analysis.

1. An increase in the discount rate to 13% shows headroom of £6m.
2. A decrease in the growth rate to 3% shows headroom of £11m.
3. A decrease in the terminal growth rate to 1% shows headroom of £7m.

In addition, sensitivity analysis has been undertaken and indicates that an impairment will be triggered by:

1. Decrease in annual growth rates from 7% to 3% and decrease in terminal growth rate from 2% to 1% and increase the discount rate from 10% to 12%.

Or triggered by:

1. Decrease in net cash generated from operating activities for FY-2024 and FY-2025 of 8%.

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Furniture, fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
As at 1 April 2022	68	1,551	371	7	1,997
Additions	-	732	17	-	749
Disposals	-	(254)	(7)	-	(261)
As at 31 March 2023	68	2,029	381	7	2,485
Reclassification	-	-	-	-	-
Additions	-	631	109	-	740
Disposals	-	(540)	-	-	(540)
As at 31 March 2024	68	2,120	490	7	2,685
Depreciation					
As at 1 April 2022	25	807	355	7	1,194
Charge for year	7	207	13	-	227
Disposals	-	(32)	(7)	-	(39)
As at 31 March 2023	32	982	361	7	1,382
Reclassification	-	-	-	-	-
Charge for year	7	242	22	-	271
Disposals	-	(91)	-	-	(91)
As at 31 March 2024	39	1,133	383	7	1,562
Net Book Amount					
As at 31 March 2024	29	987	107	-	1,123
As at 31 March 2023	36	1,047	20	-	1,103
As at 31 March 2022	43	744	16	-	803

16 RIGHT OF USE ASSETS

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2022	2,098	551	406	612	-	3,667
Additions	-	32	96	91	-	219
Impairments	-	-	-	(96)	-	(96)
Disposals	-	-	-	-		-
As at 31 March 2023	2,098	583	502	607	-	3,790
Additions	17	-	540	354	-	911
Disposals	(1,132)	-	-	(421)	-	(1,553)
As at 31 March 2024	983	583	1,042	540	-	3,148
Amortisation						
As at 1 April 2022	794	194	234	413	-	1,635
Charge for year	265	70	73	132	-	540
Disposals	-	-	-	(96)	-	(96)
As at 31 March 2023	1,059	264	307	449	-	2,079
Charge for year	185	72	121	120	-	498
Disposals	(566)	-	-	(421)	-	(987)
As at 31 March 2024	678	336	428	148	-	1,590
Net Book Amount						
As at 31 March 2024	305	247	614	392	-	1,558
As at 31 March 2023	1,039	319	195	158	-	1,711
As at 31 March 2022	1,304	357	172	199	-	2,032

17 INVENTORIES

	As at 31 March 2024	As at 31 March 2023 (Restated)
	£'000	£'000
Raw materials	896	1,010
Work in progress	802	540
Finished goods and goods for resale	808	876
	2,506	2,426

The cost of inventories recognised as an expense and included in cost of sales amounted to £2,452,000 (2023: £3,869,000). During the year, inventories of £85,000 (2023: £543,000) were written down including manufacturing attrition and repair costs. These were charged to cost of sales in the Consolidated Statement of Comprehensive Income.

Inventories for the prior year have been restated for £167,000 of labour and overhead cost allocated to Finished goods for items classified as work in progress.

18 TRADE AND OTHER RECEIVABLES

	Non current assets		Current assets	
	As at 31 March 2024	As at 31 March 2023 (Restated)	As at 31 March 2024	As at 31 March 2023 (Restated)
	£'000	£'000	£'000	£'000
Trade receivables	-	-	1,923	3,916
Other receivables	-	-	613	233
Amounts receivable under finance leases	-	4	4	23
Prepayments	-	-	317	364
Assets recognised for goods and services delivered but not billed (contract asset)	953	1,689	756	1,723
	953	1,693	3,613	6,259

The analysis of trade receivables by currency is as follows:

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Pound Sterling	1,923	3,915
Euro	-	1
	1,923	3,916

An allowance is made for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL. The allowance that has been made for ECL for trade receivables is £77,000 (2023: £405,000).

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in provision for impairment of trade receivables:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Opening provision for impairment of trade receivables	405	130
Arising during the year	-	351
Utilised during the year	(98)	(76)
Released during the year	(230)	-
Impairment gain during the year	(328)	275
Closing provision for impairment of trade receivables	77	405

As at 31 March 2024 trade receivables of £903,000 (2023: £1,168,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Not due	1,020	2,748
Up to 3 months past due	857	945
3 to 6 months past due	46	223
	1,923	3,916

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The analysis of amounts receivable under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	4	23	4	23
After one and within two years	-	4	-	4
After two and within five years	-	-	-	-
	4	27	4	27

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest contract is approximately 2.45% (2023: 2.45%) per annum.

19 DEFERRED TAX

The analysis of deferred tax liability calculated using a tax rate of 25% is as follows:

	As at 31 March 2024	As at 31 March 2023
Deferred tax liability	£'000	£'000
Deferred tax liability to be released within 12 months	-	-
Deferred tax liability to be released after more than 12 months	(1,035)	(1,111)
	(1,035)	(1,111)

The deferred tax liability consists of the following:

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trading losses	2,176	2,134
Short term timing differences	21	(9)
Accelerated tax depreciation	(3,232)	(3,236)
	(1,035)	(1,111)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement in the deferred income tax asset during the year is as follows:

	Trading losses	Accelerated tax depreciation	Short term timing differences	TOTAL
	£'000	£'000	£'000	£'000
At 31 March 2023	2,134	(3,236)	(9)	(1,111)
Credited / (debited) to the Statement of Comprehensive Income	42	4	30	76
Credited / (debited) to the Statement of Changes in Equity	-	-	-	-
At 31 March 2024	2,176	(3,232)	21	(1,035)

20 TRADE AND OTHER PAYABLES

	Non current liabilities		Current liabilities	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
	£'000	£'000	£'000	£'000
Trade payables	-	-	3,975	5,183
Social security and other taxes	-	-	1,556	739
Other payables	-	-	93	103
Accruals and deferred income	-	-	1,041	959
Payments received in advance of service delivery (contract liability)	895	828	1,590	2,212
	895	828	8,255	9,196

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Revenue recognised in the current reporting period relating to carried-forward contract liabilities was £2.3m (2023: £3.0m).

21 BORROWINGS

	As at 31 March 2024					As at 31 March 2023				
	Loans			Obligations under lease liabilities	Total	Loans			Obligations under lease liabilities	Total
	Gross	Arrangement fee	Net			Gross	Arrangement fee	Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current	2,516	(14)	2,502	489	2,991	1,079	(48)	1,031	466	1,497
Non-Current	3,165	0	3,165	831	3,996	5,438	(3)	5,435	1,113	6,548
	5,681	(14)	5,667	1,320	6,987	6,517	(51)	6,466	1,579	8,045

All borrowings are held in sterling and the Directors consider their carrying amount approximates to their fair values.

Bank loans comprise the following:

A £5.3m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable initially by interest only payments until October 2024 followed by monthly instalments from October 2024 of £102,000 and a final repayment of the outstanding balance on 31 July 2025 and bears interest at a floating rate of 5.1% over base rate. As at 31 March 2024 the Group owed £3.6m (2023: £4.1m).

A £0.5m overdraft facility with HSBC. The overdraft facility bears an interest rate of 5.3% over LIBOR on the drawn amount. As at 31 March 2024 the Group was not using the facility.

A £1.6m convertible unsecured loan note. The loan note bears a fixed interest rate of 12% per annum, with a two-year term from its issue on 14 September 2022. The interest is payable quarterly from issue date until repayment on 13 September 2024. The Loan Note is convertible at a conversion price of 17.10p, a ten percent discount on the closing mid-market price of a Trakm8 ordinary share on 13 September 2022, the last practicable date prior to its completion.

Post period end this convertible unsecured loan note was amended to extend the term to 13 September 2025, increase the interest rate to 18% and amend the conversion price to 8.1p. In addition a further unsecured Convertible Loan Note was issued totalling £990,000 with matching terms in relation to interest rate, conversion date and conversion price.

A £1.5m growth capital loan with MEIF WM Debt LP. The loan bears a fixed interest rate of 8% per annum and is repayable initially as interest only until September 2024 when it is repaid by quarterly instalments. As at 31 March 2024 the Group owed £0.5m (2023: £0.8m).

During the year the Group met its Covenant tests in relation to the loan agreement with HSBC with includes both leverage and debt service tests.

The Group's obligations under lease liabilities are secured by the lessors' title to the leased assets (see note 21).

21 BORROWINGS (CONTINUED)

Obligations under lease liabilities by category at 31 March 2024 were as follows:

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Current	116	19	190	162	2	489
Non-current	228	7	367	229	0	831
Total	344	26	557	391	2	1,320

The maturity of obligations under lease liabilities at 31 March 2024 were as follows:

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	116	19	190	162	2	489
1 to 2 years	120	7	152	156	-	435
2 to 5 years	108	-	215	73	-	396
More than 5 years	-	-	-	-	-	-
Total	344	26	557	391	2	1,320

22 PROVISIONS

	Dilapidations	Warranty	Total
	£'000	£'000	£'000
As at 1 April 2022	100	39	139
Arising during the year	92	9	101
Released during the year	-	-	-
As at 1 April 2023	192	48	240
Arising during the year	42	-	42
Utilised during the year	(50)	-	(50)
At 31 March 2024	184	48	232

The warranty provision relates to the potential warranty claims that may come to fruition in the near future.
The dilapidation provision relates to the cost for restoring leased buildings to the original state at inception of the lease agreement.
These provisions are expected to be utilised as follows:

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Current	24	74
Non-Current	208	166
	232	240

23 SHARE CAPITAL

	As at 31 March 2024		As at 31 March 2023	
	No's	£'000	No's	£'000
Authorised:	'000's		'000's	
Ordinary shares of 1p each	200,000	2,000	200,000	2,000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	50,004	500	50,004	500

The Company currently holds 29,000 Ordinary shares in treasury representing 0.06% (2023: 0.06%) of the Company's issued share capital. The number of 1 pence Ordinary shares that the Company has in issue less the total number of Treasury shares is 49,975,002.

24 SHARE-BASED PAYMENTS

Trakm8 Holdings PLC has issued options (under the Trakm8 2017 Unapproved Share Option Plan) to subscribe for Ordinary shares of 1p in the Company. The purpose of the Option Scheme is to retain and motivate eligible employees.

The exercise price of all share options are at a premium to the mid-market closing share price for the day before the grant date except for options issued on the 12 December 2022 which were issued at the closing market price on the 9 December 2022. A vesting period of 3 years is applicable according to the terms of each scheme which specify the options will vest providing employees remain in service for 3 years from the date of grant. The maximum term of options granted is 10 years from grant date. All share options are equity settled.

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. No performance conditions were included in the fair value calculations.

During the year 1 tranche of options were awarded, tranche AK. The inputs to our Black Scholes pricing model were:

	Tranche AK
Grant date	06-Jul-23
Weighted average FV (pence)	7.15
Weighted average exercise price (pence)	17.00
Expected volatility (%)	55.9%
Expected life of option	3.0
Dividend yield (%)	0.0%
Risk free (%)	5.3%

The risk free rate of return is the yield on government gilt market price and the volatility has been based on historic share prices.

Options granted during the year were:

Grant date	No of shares	Option Exercise Price	Date of expiry
06-Jul-23	525,000	17.0p	06/07/2033

A reconciliation of option movements over the year to 31 March 2024 is shown below;

	As at 31 March 2024		As at 31 March 2023	
	Share options	Weighted average Exercise	Share options	Weighted average Exercise
	No	Price (p)	No	Price (p)
Outstanding at beginning of the year	4,750,000	28	4,400,000	30
Granted during the period	525,000	17	775,000	14
Forfeited during the period	(275,000)	17	(425,000)	19
Outstanding at the end of the year	5,000,000	27	4,750,000	28

The range of exercise prices of the outstanding options is 13.5 pence to 192.5 pence (2023: 13.5 pence to 192.5pence) and the weighted average remaining contractual life is 6.1 years (2023: 6.4 years).

The Group charged £24,000 to the Statement of Comprehensive Income in respect of Share-Based Payments for the financial year ended 31 March 2024 (2023: £16,000).

Share options exercisable at 31 March 2024 were 2,825,000 (2023: 1,175,000).

25 CASH GENERATED FROM OPERATIONS

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Loss before tax	(1,483)	(1,243)
Depreciation	769	767
Loss on disposal of fixed assets	449	222
Profit on disposal of right of use assets	(62)	-
Net bank and other interest	833	618
Exceptional costs	115	1,533
Amortisation of intangible assets	2,411	2,300
Exchange movement	(7)	9
Share based payments	24	16
Operating cash flows before movement in working capital	3,049	4,222
Movement in inventories	(80)	(1,104)
Movement in trade and other receivables	3,386	19
Movement in trade and other payables	(874)	1,877
Movement in provisions	(8)	101
Cash generated from operations before exceptional costs	5,473	5,115
Cash outflow from exceptional costs	(115)	(1,533)
Cash generated from operations	5,358	3,582
Interest received	18	50
Income taxes received	689	682
Net cash inflow from operating activities	6,065	4,314

26 FINANCIAL COMMITMENTS

During the year, the Group entered into a new lease agreement in relation to its Head office building. This agreement commences in March 2026 with a term of 5 years and a minimum annual rental charge of £108,040

27 RELATED PARTY TRANSACTIONS

A total of zero (2023: 200,000) share options were granted during the year to key management personnel (2023: one). Compensation for key management personnel can be found in Note 13.

The Non-Executive Director Nadeem Raza is a Director and principal shareholder of Microlise Limited, a customer of the Group. Sales to Microlise Limited in the current year were £661 (2023: £1,000). At 31 March 2024 Microlise Limited owed the Group £285 (2023: £171). In addition, TruTac Limited, a supplier to the Group and a member of the Microlise Group, made sales to the Group of £1,683 (2023: nil).

All sales were based on prices and terms that would be available to third parties.

Non-Executive Director Penny Searles (who resigned on 15 November 2023) is a Director of Howden Driving Data Limited, a customer of the Group. Up until her resignation, sales to Howden Driving Data Limited in the current year were £41,000 (2023: £193,000). All sales were based on prices and terms that would be available to third parties. At 31 March 2024 Howden Driving Data Limited owed the Group £3,589 (2023: £6,000).

During the prior year a Convertible Unsecured Loan instrument was issued totalling £1.58m. The Convertible Loan notes were issued to existing shareholders including £1,000,000 with Microlise Group plc where Non-Executive Director Nadeem Raza is a Director and principal shareholder, along with Directors of the Company John Watkins (£400,000), Tim Cowley (£60,000) and Madeline Cowley (£60,000).

28 FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Where appropriate, the Group seeks to mitigate potential adverse effects on its financial performance.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. Borrowing facilities are monitored against the Group's forecast requirements and it is the Group's policy to mitigate the risk by maintaining cash reserves.

Interest rate risk

Some of the Group's borrowings are linked to the base rate, the following table details the Group's sensitivity to an increase of 2% and 5% in this rate.

	2%	
	As at 31 March 2024	As at 31 March 2023
	Profit	Profit
	£'000	£'000
Base rate	(72)	(83)

	5%	
	Profit	Profit
	£'000	£'000
Base rate	(180)	(207)

Currency risk

The Group operates internationally although the majority of its sales are in Sterling. Purchases of components are also made in US Dollars and Euros. The Group endeavours to minimise its foreign currency exposure by trading in Sterling wherever possible, or otherwise match inflows and outflows in its principal trading currencies.

The following table details the Group's sensitivity to a 10% and a 20% decrease and increase in the value of Sterling against the US Dollar and the Euro and the resulting effect on profit. The sensitivity analysis of the Group's exposure to foreign currency risk at the year end has been determined based upon the assumption that the increase in US Dollar and Euro exchange rates is effective throughout the financial year and all other variables remain constant.

	10% decrease		10 % increase	
	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(179)	(189)	147	155
Euro	(12)	(16)	10	13

	20% decrease		20 % increase	
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(403)	(425)	269	283
Euro	(27)	(36)	18	24

28 FINANCIAL INSTRUMENTS (CONTINUED)

The Group has the following exposure to foreign currency denominated monetary assets and monetary liabilities in the Balance Sheet, translated into the sterling at the relevant year-end exchange rates:

Financial assets / liabilities	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023
	Monetary Assets	Monetary Liabilities	Monetary Assets	Monetary Liabilities
	£'000	£'000	£'000	£'000
US Dollar	-	124	-	216
Euro	1	25	1	46
	1	149	1	262
Sterling	4,690	15,990	8,702	17,449
Total	4,691	16,139	8,703	17,711

Credit risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits to customers based on an assessment of net worth and trading history with the Group. Standard credit terms are net 30 days from the date of invoice. Overdue trade receivables are managed through a phased escalation culminating in legal action.

The credit quality of cash balances that are neither past due nor impaired can be ascertained with reference to the banks external credit ratings. All remaining financial assets are unrated.

Credit rating (Fitch)	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
AA-	1,395	1,119
	1,395	1,119

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in note 4 to the financial statements. The directors do not consider that any of the cash balances are impaired.

28 FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's external borrowings are subject to covenants which are assessed periodically throughout the year. The covenants for the next financial year relate to an absolute EBITDA target and cash availability. In future years the covenants relate to cash flow and leverage requirements. The covenants were reset during the current year and the company complied with all covenant requirements during the period. The Group expects to meet the covenant requirements in the future periods.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include "current and non-current borrowings" as shown in the Consolidated Statement of Financial Position. Total capital is calculated as "capital and reserves" as shown in the Consolidated Statement of Financial Position plus total borrowings.

The Group's strategy has been to broadly maintain gearing. This was achieved (removing IFRS 16 impact) through improved trading and working capital management.

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Total borrowings (note 21)	6,987	8,045
Total borrowings (excluding IFRS 16 impact)	6,252	6,736
Total capital and reserves	17,935	19,129
Total capital	24,922	27,174
Total capital (excluding IFRS 16 impact)	24,187	25,865
Gearing ratio	28%	30%
Gearing ratio (excluding IFRS 16 impact)	26%	26%

At the year end the Group had total net borrowings of £5,592,534 (2023: £6,926,000). This includes IFRS16 impact of £735,000 (2023: £1,306,000).

Assets as per Statement of Financial Position	Receivables and Cash	
	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trade and other receivables excluding prepayments	3,296	5,895
Cash and cash equivalents	1,395	1,119
	4,691	7,014

	Financial liabilities at amortised cost	
	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Borrowings	6,987	8,045
Trade and other payables excluding statutory liabilities and deferred revenue	9,152	9,666
	16,139	17,711

28 FINANCIAL INSTRUMENTS (CONTINUED)

Payable as follows	0	0
	£'000	£'000
On demand or within one year	11,052	10,334
After one and within two years	4,691	6,643
After two and within five years	396	734
After five years	-	-
	16,139	17,711

Cash and cash equivalents

Cash and cash equivalents comprise solely of cash in hand held by the Group.

29 DIVIDENDS

The Company is not proposing a final dividend for the year (2023: £nil).
No Dividend was paid during the year (2023: £nil).

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AT THE 31 MARCH 2024

	Note	As at 31 March 2024	As at 31 March 2023
		£'000	£'000
ASSETS			
NON CURRENT ASSETS			
Investments	4	11,026	11,002
Deferred tax asset		109	54
		11,135	11,056
CURRENT ASSETS			
Trade and other receivables	5	9,686	10,840
Cash and cash equivalents		92	7
		9,778	10,847
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	(430)	(456)
Borrowings	7	(2,502)	(1,031)
		(2,932)	(1,487)
CURRENT ASSETS LESS CURRENT LIABILITIES		6,846	9,360
TOTAL ASSETS LESS CURRENT LIABILITIES		17,981	20,416
NON CURRENT LIABILITIES			
Borrowings	7	(3,165)	(5,435)
NET ASSETS		14,816	14,981
CAPITAL AND RESERVES			
Called up share capital	8	500	500
Share premium account		14,691	14,691
Merger reserve		627	627
Treasury reserve		(4)	(4)
Convertible Loan reserve		11	11
Retained earnings		(1,009)	(844)
TOTAL SHAREHOLDERS' FUNDS		14,816	14,981

The parent company has taken the exemption conferred by s.408 Companies Act 2006 not to publish the statement of Comprehensive Income of the parent company with these accounts. The loss dealt with for the year in the parent company's financial statements was £205,000 (2023: loss £529,000).

These financial statements on pages 82 to 91 were approved by the Board of Directors and authorised for issue on 27 July 2024 and are signed on their behalf by:

John Watkins - Director

Jon Edwards - Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital	Share premium account	Merger reserve	Treasury reserve	Convertible Loan reserve	Retained earnings	Total Shareholders' Funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2022	500	14,691	627	(4)	-	(331)	15,483
IFRS2 Share-Based payment charge	-	-	-	-	-	16	16
Convertible Loan Note	-	-	-	-	11	-	11
Loss for the year	-	-	-	-	-	(529)	(529)
Balance as at 31 March 2023	**500**	**14,691**	**627**	**(4)**	**11**	**(844)**	**14,981**
IFRS2 Share based payments charge	-	-	-	-	-	24	24
Convertible Loan Note	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(189)	(189)
Balance as at 31 March 2024	**500**	**14,691**	**627**	**(4)**	**11**	**(1,009)**	**14,816**

1 ACCOUNTING POLICIES

Basis of Preparation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2024.

The financial statements of the parent company have been prepared in accordance with United Kingdom Accounting Standards - Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes. The Company has also taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of other comprehensive income.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

• Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share—based payment' (details of the number and weighted—average exercise prices of share options, and how the fair value of goods or services received was determined)

• IFRS 7, 'Financial Instruments: Disclosures'

• Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

• Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS1

• The following paragraphs of IAS1, 'Presentation of financial statements':

– 10(d) (statement of cash flows)

– 16 (statement of compliance with all IFRS)

– 38A (requirement for minimum of two primary statements, including cash flow statements)

– 38B-D (additional comparative information)

– 111 (cash flow statement information)

– 134-136 (capital management disclosures)

• IAS 7, 'Statement of cash flows'

• Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

• Paragraph 17 and 18A of IAS 24, 'Related party disclosures (key management compensation)

• The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

investments

Fixed asset investments are stated at cost less impairment against the cost of investments. The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Cost includes directly attributable acquisition expenses.

1 ACCOUNTING POLICIES (CONTINUED)

Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts where applicable.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Bank Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the statement of comprehensive income over the period of the borrowings using the effective interest method.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profits for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted.

1 ACCOUNTING POLICIES (CONTINUED)

Equity

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Treasury reserve represents the cost of shares held in Treasury. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Retained earnings represents retained profits and the share-based payment reserve.

Share-Based Payments

The Company has applied the requirements of IFRS 2 Share-based payments.

The grant by the Company of options over its equity instruments to the employees of a subsidiary undertaking in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the equity instrument, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. At each balance sheet date, the Company revises its estimates of the number of options or shares that are expected to vest. The impact of any revision, if any, is recognised as a capital contribution with a corresponding adjustment to reserves.
The fair value is measured by use of the Black-Scholes pricing model, whilst schemes which include an exercise restriction are measured using the Monte Carlo option pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Group's Accounting Policies (continued)

Investments Carrying Value

A full impairment review has been performed on a "value in use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

3 PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company is not presented as part of these financial statements.

The loss after tax for the year in the Company is £205,000 (2023: loss £529,000). Audit fees for the Company for the year were £3,465 (2023: £3,300).

4 INVESTMENTS

	Subsidiaries
Cost	£'000
At 31 March 2023	11,002
Capital contribution in respect of share based payments	24
At 31 March 2024	11,026

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Name of subsidiary	***Country of incorporation***	***Nature of business***	***Registered Office***	***Class of holding***	***Proportion held and voting rights***
Trakm8 Limited	England and Wales	Development, manufacture, marketing and distribution of vehicle telematics	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Trakm8 s.r.o.	Czech Republic	Mapping services and distribution of vehicle telematics	A7 Office Centre Praha 7 U Pruhonu 1588/11a 170 00 Czech Republic	Ordinary	100%
BOX Telematics Limited	England and Wales	Non-trading	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Route Monkey Limited	Scotland	Route optimisation	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%

4 INVESTMENTS (CONTINUED)

Name of subsidiary	***Country of incorporation***	***Nature of business***	***Registered Office***	***Class of holding***	***Proportion held and voting rights***
Interactive Projects Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Data Driven Telematics Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
DCS Systems Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Roadsense Technology Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Trakm8 HK Limited	Hong Kong	Dormant	Prosperity Centre, 25 Chong Yip Street, Kwun Tong, Hong Kong	Ordinary	100%

The following dormant companies within the Group will take the exemption from preparing and filing financial statements for the year ended 31 March 2024 (by virtue of s394A and 448A of Companies Act 2006 respectively). As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 394C of the Companies Act 2006.

Company	Company registration number
Interactive Projects Limited	4327499
Data Driven Telematics Limited	5785552
DCS Systems Limited	9641691
BOX Telematics Limited	3947199
Roadsense Technology Limited	8300339

The following companies within the Group will adopt the Department for Business, Innovation and skills audit exemption for the year ended 31 March 2024. As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 479A of the Companies Act 2006.

Company	Company registration number
Trakm8 Limited	4415597
Route Monkey Limited	SC353016

5 TRADE AND OTHER RECEIVABLES

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Amounts due from subsidiary undertakings	9,659	10,813
Social security and other taxes	6	12
Prepayments and other receivables	21	15
	9,686	10,840

Amounts due from subsidiary undertakings is unsecured, interest free and repayable on demand.

6 TRADE AND OTHER PAYABLES

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
Trade creditors	14	68
Amounts due to subsidiary undertakings	296	311
Accruals and other creditors	120	77
	430	456

Amounts due to subsidiary undertakings is unsecured, interest free and repayable on demand.

7 BORROWINGS

	As at 31 March 2024			As at 31 March 2023		
	Loans			Loans		
	Gross	Arrangement fee	Net	Gross	Arrangement fee	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Current	2,516	(14)	2,502	1,079	(48)	1,031
Non current	3,165	-	3,165	5,438	(3)	5,435
	5,681	(14)	5,667	6,517	(51)	6,466

	2024	2023
Bank loan	5,667	6,466
The Bank loan is repayable as follows:		
	£'000	£'000
Within one year	2,502	1,031
After one and within two years	3,165	5,435
After two and within five years	-	-
	5,667	6,466

Bank loans comprise the following:

A £5.3m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable initially by interest only payments until October 2024 followed by monthly instalments from October 2024 of £102,000 and a final repayment of the outstanding balance on 31 July 2025 and bears interest at a floating rate of 5.1% over base rate. As at 31 March 2024 the Group owed £3.6m (2023: £4.1m).

A £0.5m overdraft facility with HSBC. The overdraft facility bears an interest rate of 5.3% over LIBOR on the drawn amount. As at 31 March 2024 the Group was not using the facility.

A £1.6m convertible unsecured loan note. The loan note bears a fixed interest rate of 12% per annum, with a two-year term from its issue on 14 September 2022. The interest is payable quarterly from issue date until repayment on 13 September 2024. The Loan Note is convertible at a conversion price of 17.10p, a ten percent discount on the closing mid-market price of a Trakm8 ordinary share on 13 September 2022, the last practicable date prior to its completion.

Post period end this convertible unsecured loan note was amended to extend the term to 13 September 2025, increase the interest rate to 18% and amend the conversion price to 8.1p. In addition a further unsecured Convertible Loan Note was issued totalling £990,000 with matching terms in relation to interest rate, conversion date and conversion price.

A £1.5m growth capital loan with MEIF WM Debt LP. The loan bears a fixed interest rate of 8% per annum and is repayable initially as interest only until September 2024 when it is repaid by quarterly instalments. As at 31 March 2024 the Group owed £0.5m (2023: £0.8m).

During the year the Group met its Covenant tests in relation to the loan agreement with HSBC with includes both leverage and debt service tests.

8 CALLED UP SHARE CAPITAL AND RESERVES

Details of share capital and share options are shown in notes 23 and 24 to the consolidated financial statements.

Details of the Company's other reserves are shown in note 4 to the consolidated financial statements.

9 GUARANTEE

The borrowings of the company is guaranteed by the assets of subsidiary companies, Trakm8 Limited and Route Monkey Limited.

10 RELATED PARTIES

The company has taken advantage of the exemptions conferred by IAS 24 from the requirement to disclose transactions between wholly owned subsidiary undertakings.

A total of zero (2023: 200,000) share options were granted during the year to key management personnel (2023: one). Compensation for key management personnel can be found in Note 13.

During the prior year a Convertible Unsecured Loan Notes were raised totalling £1.58m. These were issued to existing shareholders including £1,000,000 with Microlise Group plc where Non-Executive Director Nadeem Raza is a Director, along with Directors of the Company John Watkins (£400,000), Tim Cowley (£60,000) and Madeline Cowley (£60,000).

11 EMPLOYEES AND DIRECTORS

The Directors of the Company were paid by Trakm8 Ltd for their services to the Group. The Company had no employees (2023: £nil) during the year (other than the Directors). See remuneration report on page 31 for further details.

Details of Group Directors' fees and salaries, bonuses and pensions (including that of the highest paid Director) have been audited and are given in the Directors' Report on page 31.

12 DIVIDENDS

The Company is not proposing a final dividend for the year (2023: £nil).

No Dividend was paid during the year (2023: £nil).

CORPORATE INFORMATION

DIRECTORS

John Watkins
Nadeem Raza
Keith Evans
Jon Edwards
Mark Watkins
Madeline Cowley
Tim Cowley

COMPANY SECRETARY

Jon Edwards

REGISTERED OFFICE

4 Roman Park Roman Way, Coleshill, Birmingham, West Midlands, United Kingdom, B46 1HG

PRINCIPAL BANKERS

HSBC Bank plc, 6 Broad Street, Worcester, WR1 2EJ

INDEPENDENT AUDITORS

Cooper Parry Group Limited, Sky View, Argosy Road, East Midlands Airport, Castle Donington, Derby, DE74 2SA

NOMINATED ADVISER AND BROKER

Allenby Capital Limited
Address: 5th Floor, 5 St Helen's Place, London,EC3A 6AB

SIGNIFICANT SHAREHOLDERS

Significant Shareholder	Number of shares	Percentage Holding
Microlise Group Holdings Limited	10,000,000	20.0%
John Watkins	7,768,768	15.6%
Edric Property & Investment Company	3,831,000	7.7%
James Hedges	2,313,712	4.6%
Tim Cowley	2,268,127	4.5%
Madeline Cowley	1,994,203	4.0%