2022

Annual report and accounts 2022

Trakm8 Holdings PLC

Company Number 05452547

Through innovative products, Trakm8 collects billions of miles worth of data annually.

Trakm8 analyses data and provides actionable insights to customers so that they improve efficiency and reduce risk.

STRATEGIC REPORT

Visit us online at trakm8.com

OVERVIEW

Financial

	FY-2022	FY-2021
Group Revenue	£18.1m	£16.0m
Adjusted Profit/(Loss) before tax	£0.0m	(£0.3m)
Loss before tax	£0.1m	£1.9m
Profit/(Loss) after tax	£0.2m	(£1.2m)
Net cash generated from operations	£3.8m	£4.7m
Adjusted basic earnings per share	0.41p	0.07p
Basic Profit/(Loss) per share	0.37p	(2.47p)

Operational

- 13% increase in revenues
- 4% increase to over 264,000 connected units in operation (FY-2021: 254,000)
- 5% increase in recurring revenues to £9.8m (FY-2021: £9.4m)
- 150% increase in software revenues to £1.4m (FY-2021: £0.5m)
- New contract wins with Ticker and Adiona
- Strong continued reduction in direct and indirect costs
- Successfully navigated a large number of supply chain challenges

Outlook

- Group revenues in current financial year to end of May 2022 were 11% ahead of last year
  - Revenues from insurance clients increasing due to new contract wins and increased volumes from existing clients - revenues to end of May 2022 were 33% ahead of the comparable 2021 period
  - Fleet sales showing good progress - revenues to end of May 2022 were 4% ahead of the comparable 2021 period
- Inflationary pressure on payroll and components is partially mitigated with lower headcount and lower designed-in device costs
- The Company continues to face component availability issues that could impact deliveries, but the expectation is that we will continue to overcome these
- The Board believes Trakm8 is building increasing momentum and is hopeful that this can be transformed into improved financial returns as we move forward

AT A GLANCE

Connected Business

Trakm8 is a UK-based AI company that develops its own intellectual property to drive a greener, safer, connected tomorrow. As leaders in the fleet management, insurance and automotive sectors, we enable businesses to enhance their operations through a wide range of telematics, camera and optimisation solutions. Collecting data through intellectual property ('IP')-owned hardware, Trakm8 using AI based algorithms creates 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, manufacturing and supporting our own solutions we provide the best customer service possible by not having to rely on third parties (apart from the mobile network).

Pioneering solutions

The Group's product portfolio includes a range of telematics devices, from self-install dongles to 4G integrated telematics cameras. We currently have over a quarter of a million devices in operation.

Number of connected units

264,000 (FY-2021: 254,000)

Fleet Management & Optimisation

Fleet Management

Trakm8 has market leading software solutions for all fleet management activities built out in the evergreen "Insight" platform. A combination of telematics, cameras, tachograph data retrieval, Electronic Proof of Delivery (EPOD) and route optimisation and scheduling software empowers businesses to make informed decisions about fleet operations - and to tackle a diverse range of obstacles. 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 AI 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 and provides customer specific bespoke solutions when this is required.

Revenue

FY-2022 revenue of £11.2m (FY-2021: £9.5m) of which £6.9m is recurring revenue (FY-2021: £6.5m) and £1.2m is software sales (FY-2021: 0.5m)

Number of connected units

71,000 (FY-2021: 70,000)

AT A GLANCE (continued)

Insurance & Automotive

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 reconstruction. In addition, the change in mobility patterns following the pandemic means our solution is now being utilised in usage-based insurance propositions as consumers seek personal cost savings. Our end-to-end Broker package allows Brokers to manage the full telematics policy journey.

Automotive

Our automotive team works with businesses to supply aftermarket connected vehicle technologies to its end users to predict and report vehicles 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. Market leading EV applications have been created.

Revenue

FY 2022 revenue of £6.9m (FY-2021: £6.4m) of which £2.9m is recurring revenue (FY-2021: £2.9m) and £0.2m is software sales (FY-2021: 0.0m)

Number of connected units

193,000 (FY-2021: 184,000)

Clients

The Group has built client relationships with large corporates, SMEs, down to sole traders either directly or via partners who provide intermediary marketing support. These relationships often enable us to cross-sell solutions and facilitate a high rate of contract renewals and extensions.

EXECUTIVE CHAIRMAN'S STATEMENT

Covid-19 continued to impact the market for telematics, particularly in our Insurance business where young drivers were unable to secure driving tests compounded by the scarcity and higher costs of secondhand cars. It also led to significant challenges in the supply of electronic components for our devices. Trakm8 managed its way through most of this and achieved a very significant improvement on the previous year delivering results in line with market expectations, returning to a profit after tax for the first time in several years.

The revenues of the business increased by 13% and despite higher costs due to lower furlough support and supply chain challenges posted an adjusted profit before tax of £0.0m (FY-2021: loss £0.3m). Loss before tax improved to £0.1m (FY-2021: loss £1.9m) and Profit after Tax improved to £0.2m (FY-2021: loss £1.2m).

Connections grew by 4% to 264,000. The total number of fleet management connections increased by 1% over the year to 71,000 (FY-2021: 70,000). Telematics for insurance/automotive connections increased by 5%. At the year-end we had 193,000 insurance/automotive connections (FY-2021: 184,000). Recurring service revenues increased by 5% to £9.8m (FY-2021: £9.4m). Software revenues increased by 150% to £1.4m (FY-2021: £0.5m). A good number of contract wins and renewals were secured particularly with the insurance clients.

It was pleasing to have strong cash generation of the business with a cash flow from operations of £3.8m (FY-2021: £4.7m). The Company paid down £0.9m of HMRC deferred payments on VAT/PAYE/NI, with the balance of £0.9m to be paid during this financial year. This resulted in a free cash flow of £0.6m (FY-2021: £2.0m) and net debt increased by £0.5m at £5.4m (pre-IFRS 16). The Group had £1.0m cash on hand and an undrawn overdraft facility of £0.5m.

Overheads excluding exceptionals increased by 6% due to a reduction of furloughed staff along with an increased marketing spend. Headcount reduced by 5% during the year with underlying salary costs 5% lower than at the end of the previous year.

Trakm8 was awarded the London Stock Exchange Green Economy Mark during the year in recognition that what the Company does plays a significant role in reducing the carbon footprint of our customers' operations. Trakm8 has also started the process of joining the Science Based Targets initiative in the goal of achieving net zero emissions by 2050.

Research and development ('R&D')

Trakm8 has maintained a significant level of investment in R&D for another year. The Board believes that this level of investment is necessary to retain a portfolio of market-leading technology. Over time as revenues grow, we expect that this investment as a proportion of revenues will decline. Trakm8 continues to focus on owning the intellectual property ('IP') we use in our solutions, and we see this as one of our key competitive advantages. Telematics systems are complex; but because we own all the elements that encompass a solution (with the exception of the mobile networks) we have the ability to understand and resolve problems more easily than our competitors.

The R&D investment has concentrated on the development of self-fit devices, a multi-camera solution, development of the feature set in Insight, and further development of our Insurance Broker platform. As identified in previous years, the requirement to do more for less cost remains a key strategy as this widens the opportunity to expand the rate of growth as our customers' return on investment improves.

EXECUTIVE CHAIRMAN'S STATEMENT (continued)

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 (https://www.trakm8.com/investor-relations/corporate-governance).

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.

People

The number of people Trakm8 employs has reduced further during FY-2022 with reductions across the business. In total our staff numbers have reduced by 5% over the year.

Trakm8 has a great team and I would like to thank everyone for their hard work, dedication and contribution to the ongoing success of the business.

Outlook

We start the new financial year with the ongoing supply chain challenges impacting our costs and our development progress. A significant amount of our engineering resources are devoted to redesigning current devices to meet component changes.

Currently Insurance & Automotive devices supplied to end of May 2022 amount to 60% more than the corresponding period last year due to the increased number of new clients secured. Fleet deliveries have been reasonably good with new unit shipments 38% greater than the corresponding period last year.

These shipments whilst increasing revenues for devices and where applicable installation in the short term, also drive increased levels of service revenues and profit for future periods.

April and May revenues were 11% higher than the corresponding period in FY 2022.

Like many businesses, Trakm8 is having to continue to face challenges in a number of areas in particular, component supply availability and logistics which have the potential to lead to shortages that could impact customer product deliveries. In addition, salary and component inflationary pressures are prevalent. However, the board is taking action to minimise the impact of these challenges on the Trakm8 business through, for example, reduced headcount, higher selling prices and engineered cost reductions.

On a much more positive note, we are seeing strong growth in the Insurance business due, in particular, to new customer wins. In addition, we are optimistic about securing a number of Fleet deployment contract renewals during the remainder of this year.

It is against this business generation backdrop that the Board believes Trakm8 is building increasing momentum and is hopeful that this can be transformed into improved financial returns as we move forward.

John F Watkins

John Watkins
EXECUTIVE CHAIRMAN
28 June 2022

OUR STRATEGY

OUR VISION

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 family 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.

OUR STRATEGY

1) Increasing our market share

The Group will continue to expand the number of connections in operation, with a particular focus on expanding outside of the UK.

Progress in 2022

The total number of units in operation increased by 4% in FY-2022. The fleet installed base increased by 1%. Insurance customers increased our installed devices with stronger sales and resulted in a 5% increase in connections.

Trakm8 invested 29% more in marketing costs resulting in a 23% increase in leads. This led to higher levels of orders and an increase in the pipeline.

Focus for 2023

We aim to grow the number of installed devices and connections with increased marketing spend, improved lead generation engine and the improved functionality of our solutions. We will continue to seek international distribution partners to expand our non-UK revenues.

We expect that our success in winning new insurance clients will lead to higher market share and higher levels of installed devices. This should lead to more connections and higher levels of recurring revenues. We aim to continue to widen the insurance telematics market with leading new commercial propositions.

We propose an increase in our marketing spend by a further 67% with a narrow focus on increasing lead generation.

2) Delivering a cutting-edge solutions portfolio

We plan to maintain the level of investment in research and development to maintain our market-leading solution portfolio and to meet the demands of our customers.

Progress in 2022

The Group focused on expanding and improving the range of devices, including a multi-camera solution and an expanded line of self-fit devices. The Insight Optimisation solution has been expanded to meet the

OUR STRATEGY (continued)

requirements of a major mixed fleet client, significantly improving our HGV offering. Improved AI algorithms for crash detection, crash reconstruction, driver scoring and ADAS continued to be developed.

Focus for 2023

We will maintain our expenditure in R&D this year focusing on our core areas of expertise. We will continue developing products and solutions to meet the demands of our customers and market trends. We expect during the year to improve our fleet solutions with deeper integration into trailer and fuel systems, and an ongoing development of our automotive capability particularly in EV.

3) Streamlining our internal operations

The Group will continue to focus on improving operational efficiencies and its' cost as a percentage of revenues.

Progress in 2022

The Group identified another £0.4m of annualised operational cost savings in both direct and indirect costs, despite revenues increasing.

Focus in 2023

We will continue to manage costs through better utilisation of hosting and technology, reduced device costs and reduced communication/hosting costs. We will aim to mitigate salary and component inflation.

CHIEF FINANCIAL OFFICER'S REPORT

	2022	2021	Change
Group Revenue (£'000)	18,111	15,961	+13%
of which, Recurring Revenue (£'000)	9,806	9,379	+5%
Loss before tax (£'000)	122	1,867	+93%
Profit/(Loss) after tax (£'000)	187	(1,237)	+115%
Adjusted Profit/(Loss) before tax[1] (£'000)	3	(342)	+101%
Basic Profit/Loss per share (p)	0.37	(2.47)	+115%
Adjusted basic earnings per share (p)	0.41	0.07	+486%

[1] Before exceptional costs and share based payments

Revenue

Group revenue increased by 13% to £18.1m (FY-2021: £16.0m) as the impact of Covid-19 reduced. Fleet revenues increased by 18% to £11.2m and Insurance and Automotive revenues increased by 7% to £6.9m. Despite the majority of Covid-19 lockdown measures ending early in the financial year, Insurance revenues recovered much slower than anticipated due to the well publicised driving test delays and secondhand car price inflation and availability but offset by shipments to new customers in the final quarter. This was complimented by increased levels of Fleet and Optimisation orders including strong software revenues in H1. Recurring revenue generated from service and maintenance fees increased by 5% to £9.8m (FY-2021: £9.4m) due to the higher levels of shipments of devices across both business units and implementation of optimisation services.

Loss before tax

The Group reported a loss before tax of £0.1m (FY-2021: £1.9m). This marked significant progress as increased revenues delivered gross margins of £11.1m (FY-2021: £9.3m). Total administrative costs remained broadly similar at £10.8m despite the increased levels of revenue. This included an increase in marketing spend of £0.1m to aid revenue growth, a reduction of Coronavirus Job Retention Scheme income to £0.19m (FY-2021: £0.94m) and an increase in depreciation and amortisation of £0.2m. This was offset by overall reduction in employee costs of £0.38m and a reduction in share-based payments of £0.6m compared to the prior year.

Adjusted Profit before tax

With the improved revenues and gross margins, the Group returned to profitability with an adjusted profit of £0.0m (FY-2021: £0.3m loss). The improved revenue performance was offset by increased employee costs as the furloughed staff costs decreased to £0.4m (FY-2021: £1.6m) along with increases in depreciation and amortisation, marketing costs and a reduction in Other Income of £0.2m, £0.1m and £0.2m respectively. Our continued efforts in efficiency savings improved underlying overheads including a reduction in employee costs of £0.3m to offset the cost increases.

Exceptional Costs

Exceptional costs totalled £0.6m (FY-2021: £1.3m) and again primarily include one off costs relating to Covid-19 albeit greatly reduced from the prior year. This included £0.4m of employee costs whilst on furlough in the first half of the year and £0.2m of component costs due to the ongoing supply chain challenges instigated by Covid-19 both here and abroad. This was offset by £0.2m received as part of the Coronavirus Job Retention Scheme. In addition, £0.1m was incurred in our ongoing project to streamline our internal operations.

CHIEF FINANCIAL OFFICER'S REPORT (continued)

Balance Sheet

	2022	2021
	£'000	£'000
Non-Current Assets	25,874	25,640
Net Current Assets	1,704	4,169
Non-Current Liabilities	7,702	9,687
Net Assets	19,876	20,122

Net Assets decreased by £0.2m to £19.9m (FY-2021: £20.1m) reflecting the profit for the year, after deducting the IFRS2 Share based payments credits.

Non-current assets increased by £0.2m to £25.9m (FY-2021: £25.6m). This is due to a £0.5m reduction in right of use assets due to depreciation offset by a £0.8m increase in Intangible assets and £0.1m decrease in Property, plant and equipment. Intangible assets increased due to the continued investment in development in both software and hardware with capitalised development costs in the year totaling £2.9m (FY-2021: £2.3m), offset by amortisation of £1.9m (FY-2021: £1.7m).

Cash Flow

	2022	2021
	£'000	£'000
Net Cash generated from operations	3,810	4,702
Investing activities	(3,254)	(2,667)
Free Cash Flow[1]	556	2,035
Financing activities	(1,992)	(1,330)
(Decrease)/Increase in Cash in Year	(1,366)	705
Net Debt[2]	5,395	4,887

[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-2022 net debt excludes £1.6m IFRS 16 lease liability.

Cash from operating activities reduced by £0.9m to £3.8m (FY-2021: £4.7m) which included the repayment of £0.9m to HMRC under the time to pay agreement negotiated at the end of the last financial year. FY-2021 included the deferment of payments to HMRC which increased Cash from operating activities by £1.7m. Cash from operating activities also included R&D tax credit cash receipts of £0.7m (FY-2021: £0.9m) which reflects the Group's continued investment in development.

Free cash inflow of £0.6m (FY-2021: £2.0m) is due to the Net Cash generated from operating activities as detailed above, offset by cash outflows from investing activities which increased by £0.6m to £3.3m (FY-2021: £2.7m).

Financing activities was an outflow of £1.9m (FY-2021: £1.3m). Following the negotiation of new and revised terms for the Group's borrowings in March 2021, capital repayments to both HSBC and the MEIF WM Debt LP resumed in the second half of the year totalling £0.7m (FY2021: £0.1m).

Net Debt

Net debt excluding IFRS 16 lease liability of £1.6m (FY-2021 £1.9m) increased by £0.5m to £5.4m (FY-2021: £4.9m). Cash balances total £1.0m (FY-2021: £2.4m) and total borrowings including IFRS16 lease liability of £1.6m totals £7.9m (FY-2021: £9.1m). Borrowing comprised £4.9m (FY-2021: £5.3m) term loan with HSBC, a £1.2m (FY-2021: £1.5m) term loan with MEIF WM Debt LP and £2.0m (FY-2021: £2.4m) of obligations under Right-to-use lease liabilities. In addition, at the year end the Group had a £0.5m unused overdraft facility with HSBC.

KEY PERFORMANCE INDICATORS

Achieving our objectives

The Board monitors the following key performance indicators to ensure the objective of the Group are being achieved.

Solutions Revenue	Recurring Service Revenue	Connected units - Insurance/Automotive	Connected units – Fleet Management
£18.1m: 2022 £16.0m: 2021 £19.6m: 2020	£9.8m: 2022 £9.4m: 2021 £9.8m: 2020	193,000: 2022 184,000: 2021 168,000: 2020	71,000: 2022 70,000: 2021 77,000: 2020
Performance in 2022	**Performance in 2022**	**Performance in 2022**	**Performance in 2022**
Improved Fleet orders lead to growth of Fleet revenues. A slow start to the year for insurance and ongoing long wait times for driving tests have slowed down progress in insurance revenues, despite several client contract wins	Total recurring revenues earned during the year increased by 5% to £9.8m due to the increased number of connections and higher per unit service fees on Fleet.	This refers to the amount of telematics devices reporting in operation from our insurance & automotive customers. Connected Units in this market increased by 5% due to growth from newly launched customers.	This refers to the amount of telematics devices in operation from our fleet customers. The total number of units from our Fleet business increased by 1% due to the higher levels of new sales and lower attrition
Focus for 2023	**Focus for 2023**	**Focus for 2023**	**Focus for 2023**
Increase the sales and marketing spend to grow fleet new business sales. Use the further developed Insight solution for fleet, optimisation and cameras to promote greater efficiency and reduced risk for our clients. Continue to expand the number of Insurance clients with focus on the Broker space and to deliver growth on the back of a return to driving tests and increased pay as you drive insurance. Benefit from the expansion of the connected car services.	The growth of insurance connections with new customers that will have lower attrition in their first year should positively impact the level of recurring revenues. Despite the market trend for richer data for lower costs, continued growth will be achieved by increasing the number of devices in operation and driving higher service fees either from our integrated cameras or by increasing our data analytics services.	Continue to expand the number of Insurance clients with focus on the Broker space and to deliver growth on the back of a return to driving tests and increased pay as you drive insurance. Benefit from the expansion of the connected car services.	Maximise the improved sales and marketing engine to grow fleet new business sales. Use the further developed Insight solution for fleet, optimisation and cameras to promote greater efficiency and reduced risk for our clients.

KEY PERFORMANCE INDICATORS (continued)

Adjusted profit/ loss before tax	Gross Margin	Net cash generated from Operating Activities
£0.0m Profit : 2022 £0.3m Loss: 2021 £0.2m Loss: 2020	61.3%: 2022 58.4%: 2021 59.1%: 2020	£3.8m: 2022 £4.7m: 2021 £4.1m: 2020
Performance in 2022	**Performance in 2022**	**Performance in 2022**
Adjusted profit before Tax (before exceptional costs and share based payments) was £0.3m higher than the prior year despite the increase in overheads as a result of lower level of furloughed team members and higher marketing expenditure.	Gross margin percentage slightly increased to 61.3%. This small increase was due to higher levels of software sales and despite a poorer mix of higher hardware sales.	Cash generation from operating activities reduced on the prior year due to HMRC debt repayment of £0.9m with FY-2021 benefitting from HMRC payment deferrals of £1.7m.
Focus for 2023	**Focus for 2023**	**Focus for 2023**
The Group plans to achieve significant improvement of revenue combined with the lower cost base as a result of the significant cost savings realised over the last few years.	Strategy is to maintain our gross margin percentage by continuing to drive growth in our recurring service revenues through enhanced data analytic services and optimisation benefits. We expect to continue to deliver ongoing direct cost reductions to offset salary and component cost inflation.	Increase levels of cash generation from Operating Activities through higher profitability, having repaid HMRC in line with the time to pay agreement reached.

RISK MANAGEMENT FRAMEWORK

Our risk management process is designed to improve the likelihood of delivering our business objectives, to protect the interests of our key stakeholders, to enhance the quality of our decision making, and to assist in the safeguarding of our assets. This includes people, finances, property and our reputation.

The Board takes overall responsibility for risk management, evaluating our exposure to individual strategic risks, overseeing our risk governance structure and internal control framework. Strategic decisions are evaluated against our tolerance levels to the risks identified and the Board continues to monitor these trends in order to implement mitigation activities in line with our long-term strategy.

Approach to Risk Management

Each year the Board carries out a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. The report overleaf summarises these possible risks and how they are being managed or mitigated.

The Executive Chairman and the senior management team take responsibility for reviewing the effectiveness of the risk management process and the risk register is subjected to detailed review and discussion.
This group identifies all the key risks to the business and ensures our elimination and mitigation processes are robust and up to date to minimise any possible impact. Risk identification is embedded in other processes, including product development, contract approvals and other operational activities. Trakm8's corporate strategy is designed to optimise our business model and accept risk, with the required controls on an informed basis.

To create value for our shareholders, we set varying risk tolerances and associated criteria. We continue to accept risk and manage our risk environment on the following basis:

• Strategic – medium to low tolerance for risks arising from poor business decisions or substandard execution of business objectives.

• Operational – low to near-zero tolerance for risks arising from business processes including the technical, quality, and project management or organisational risk associated with programmes and products. During the year we enhanced our testing procedures for new product launches following the issues experienced in the previous financial year.

• Corporate –zero tolerance for compliance and reputational risks including those related to the law, health, safety and the environment.

• Financial – zero tolerance for financial risks including failure to provide adequate liquidity to meet our obligations and manage currency, interest rate and credit risks.

RISK MANAGEMENT FRAMEWORK (continued)

RISK MANAGEMENT PROCESS

Risk management is a key element of the Group's decision-making process as there is a risk element in all areas of its activities and these risks need to be managed appropriately. Alongside the strong governance structure and effective internal controls, the risk management process gives the Board assurance that risks are being appropriately identified and managed.

The Risk Management Process is set up in the following way:

• An annual business review to set strategies, objectives and agreed initiatives to achieve its goals, taking account of the risk appetite set by the Board.

• Day-to-day operations are supported by a clear schedule of authority limits that define processes and procedures for approving material decisions. This ensures that projects are approved at the appropriate level of management, with the largest and most complex projects being approved by the Board.

• The Group's Executive Directors also compile their own risk assessment, ensuring that a top-down approach is undertaken when considering the Group-wide environment.

• The Group's Audit and Risk Committee assists the Board in assessing and monitoring risk management across the Group. The role of the Committee is to ensure the timely identification and robust management of inherent and emerging risks. The Committee reviews the risk register as it develops, to ensure net risk and proposed further actions are together consistent with the risk appetite set by the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

Link to strategic priorities

1	2	3
Increasing our market share	**Delivering cutting edge solutions**	**Streamlining our internal operations**

Principal Risk	**Potential Impact**	**Mitigation**
Electronics supply chain under constraint 1,2	Long lead-times Cost Pressure Customer deliveries delayed	The current market is challenging and throughout the year we have faced using our resources to find alternative components for items where orders from suppliers have been delayed or become unavailable, sometimes with associated additional costs. As a fully vertically integrated business our design engineers work alongside supply chain to mitigate these issues which to date has meant we have had no meaningful delay of goods to customers. We continue to have the support of our valued world class distributors and manufacturers in this activity. These challenges are forecast to continue for a number of months and we have open engineering projects to substitute components within our products including a number of key operational items which often also results in increased product costs. As an additional mitigation, commitments to supply chain are being extended to try and ensure continuity of supply for future months.
Attracting and maintaining high quality employees 1,2,3	Loss of key personnel Potential business disruption Breakdown of communication and misalignment Increased remuneration costs	We provide interesting work within a growing sector where we have significant opportunity and maintaining this is key to employee retention. To compliment this regular reviews of market rates ensure competitive renumeration packages. Company wide 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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal Risk	Potential Impact	Mitigation
Significant operational failure 2	Reputational impact Deterioration in customer relations Reduction in revenues, profitability and cash generation Contractual Penalties and Litigation	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.
Cyber-attack and data security 2	Reputational impact Deterioration in customer relations Liability Claims	We have maintained our ISO 27001 accreditation. We continue to make considerable investments in security and systems for both our internal data and customer data, including a review by an independent CISO. We operate a secure development lifecycle and undertake regular independent penetration testing of our devices and hosting environments from CREST certified testers.
Operating in a fast moving technology industry where we will always be at risk from new products being launched 1,2	Decelerating sales growth and affecting profit Loss of significant customer Delay in achieving projected revenues OEM fit telematics to all strategy Autonomous cars	We heavily invest in research and development to ensure we are at the forefront of telematics technology. We are device agnostic and will interface into OEMs and autonomous vehicles as a central data hub. Expansion of number of significant customers reduces the risk of an individual loss. We undertake rigorous testing using our in-house testing team, synthetic testing has been augmented by retrofitting greatly enhanced automated test suites for unit and integration testing, an additional set of test resource focussed on trials of real world test cases, edge cases and specific customer solutions to test the broadest possible functionality has been introduced into the release process. Release retrospectives complement this activity to drive continuous improvements into our software test & release process.
Adverse mobile network changes 2	Reputational Impact Deterioration in customer relations Reduction in revenues, profitability and cash generation	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 phone suppliers to provide a quality of service and investment in suitable reliable infrastructure. The same is true for the GPS network and the Internet.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal Risk	Potential Impact	Mitigation
Access to long term and working capital 1,2	Ability to deliver business plans	We maintain regular discussions with banks and other financial institutions. We regularly review medium term capital requirements.
Business disruption from COVID-19 1,2,3	Supply chain disruption due to COVID-19 issues in other geographies Potential outbreak of infection in members of staff	We continue to monitor our supply chain closely and working with our distributors and manufactures maintain 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. We have maintained many of our COVID measures within the office and our ability for many teams to work fully remotely remains should it be required.

DRIVING OUR GREENER TOMORROW

For many years, Trakm8's market leading solutions have helped customers reduce their impact on the environment around them and we are passionate about continuing this with both new and existing customers.

Through reduced fuel consumption, reduction in mileage using optimisation and reduced accident incident rates, we drive real change for our customers and partners. This is supported by our inclusion in the London Stock Exchange Green Economy Mark which was granted during the year.

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. Through this we have already implemented a number of initiatives and continue to plan and execute further measures.

Initiatives Completed to Date:

- Migration of over 60% of company car fleet to full EV or hybrid vehicles
- Reduced commuting emissions of employees through changed working arrangements post the pandemic
- Use of LED lighting throughout our UK sites
- Improved waste management including maximising general recycling and offering safe battery disposal for all our colleagues

Initiatives Planned and Under Consideration:

- Migrate remainder of company car fleet to full EV or hybrid vehicles
- Add services for customers to help improve the rate of return and re-use of our devices
- Source Green supply of gas and electricity for all UK sites as soon as possible
- Implement salary sacrifice scheme allowing our colleagues to transition to low emission vehicles

To show our continued support to a low-carbon future, we have recently committed to joining the Science Based Targets Initiative (SBTi – www.sciencebasedtargets.org) part of which will allow us to report on an annual basis our progress towards our targets and ensure our stakeholders are able to hold our actions to account.

By order of the Board

Jon Edwards
COMPANY SECRETARY
28 June 2022

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.

THE BOARD OF DIRECTORS

A summary of the career history of each of the Directors is given below providing an overview of their vast knowledge and experience in senior roles across multiple positions and industries.

John Watkins
Executive Chairman

John Watkins 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 two 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 Raza 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.

Penny Searles
Non-Executive Director

Penny Searles joined as Non-Executive Director in June 2020 and has worked in Financial Services for over 25 years, latterly as a CEO and founder of two successful FinTech Companies: Wunelli Ltd which was purchased by LexisNexis in 2014 and SmartDriverClub purchased by Calamp in 2020. Penny brings her impressive operational experience in both Motor Insurance and Telematics to the Group.

BOARD OF DIRECTORS (continued)

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 Cowley 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 his brother Matt, he founded Trakm8 in 2002 and is now responsible for the Group Product Strategy and the Advanced Engineering function.

Matt Cowley
AI Director

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

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, insurance and automotive solutions that helps drive the reduction of risk, fuel consumption and insurance premiums, while improving productivity, 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 the short-term impact of Covid-19, in the long term our target is still to achieve 1 million connections to our systems. We currently have over 264,000. This substantial increase will provide the level of profitable growth and cash generation that should increase the Group's share price substantially. The Group has specific growth plans in place across its two business units: Insurance and Automotive and Fleet and Optimisation. 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.

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.

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. As required by the QCA code, the Board has independent non-executives, Keith Evans and Penny Searles. 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.

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.

In addition, the independent directors also attend the monthly detailed management team meetings. This provides them with a greater understanding of the issues the Group faces, so they are in a better position to provide advice and challenge.

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.
- Penny Searles is an independent 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.
- Matt Cowley is responsible for AI

Our processes are continually being improved. For example, our investment in new plant and equipment for our factory has enhanced our product testing, so providing better quality and lower costs.

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 2022 the Directors' attendance at Board and Committee meetings has been as follows:

Type	Board	Audit	Nomination	Remuneration
Total Held in period	13	2	1	3
John Watkins	13	2	1	3
Keith Evans	12	2	1	3
Matt Cowley	13	-	-	-
Tim Cowley	13	-	-	-
Jon Furber[1]	6	-	-	-
Mark Watkins	12	-	-	-
Nadeem Raza	13	2	1	3
Peter Mansfield[2]	6	-	-	-
Penny Searles	13	2	1	3
Jon Edwards[3]	6	-	-	-

[1] Attended 6 out of 6 Board meetings whilst in office
2 Attended 6 out of 7 Board meetings whilst in office
3 Attended 6 out of 7 Board meetings whilst in office

Nominations committee

The committee met once during the year and appointed Jon Edwards as CFO. John Watkins chairs the committee with Keith Evans, Nadeem Raza and Penny Searles 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, Nadeem Raza and Penny Searles 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, Nadeem Raza and Penny Searles as members.

By order of the Board

Jon Edwards
COMPANY SECRETARY
28 June 2022

DIRECTORS' REPORT

The Directors submit their Directors' Report and the audited financial statements of the Group for the year ended 31 March 2022.

Trakm8 Holdings PLC is a public limited 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 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 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 2022 are shown in the Consolidated Statement of Comprehensive Income on page 42. The Directors do not recommend the payment of a dividend (2021: £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 £2.9m and a further £0.6m 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 £1,004k and undrawn overdraft facility of £500k at 31 March 2022 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 on the impact of the supply chain challenges has been made in the Executive Chairman's Statement in the Strategic Report. Despite the impact of these issues 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 customer's 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 launched insurance customers.

The Group will continue to invest in our 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
Matt Cowley
Tim Cowley
Mark Watkins
Jon Furber resigned 30 September 2021
Nadeem Raza
Peter Mansfield resigned 16 November 2021
Penny Searles
Jon Edwards appointed 1 October 2021

DIRECTORS AND THEIR INTERESTS

At 31 March 2022 the Directors' interests in the shares of the Company are detailed below:

	1p Ordinary shares at 31 March 2022	% of issued Ordinary share capital (50,004,002 Ordinary shares)	1p Ordinary shares at 31 March 2021	% 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%
Matt Cowley	1,994,203	3.99%	1,994,203	3.99%
Tim Cowley	2,268,127	4.54%	2,268,127	4.54%
Jon Edwards	4,418	0.01%	4,418	0.01%
Mark Watkins	318,310	0.64%	318,310	0.64%
Nadeem Raza*	600,926	1.20%	600,926	1.20%
Penny Searles	-	-	-	-

*Nadeem Raza is the CEO and principle 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 2022 or on the date on which these financial statements were approved.

DIRECTORS' REMUNERATION

The Directors' remuneration for the year ended 31 March 2022 was:

£'000	Salaries & benefits	Fees	Total remuneration to year ended 31 March 2022	Pension contribution	**Total aggregate emoluments to year ended 31 March 2022**	**Total aggregate emoluments to year ended 31 March 2021**
John Watkins	289	-	289	-	289	289
Keith Evans	36	-	36	-	36	37
Matt Cowley	118	-	118	3	121	103
Tim Cowley	109	-	109	3	112	116
Jon Furber[1]	80	-	80	7	87	159
Mark Watkins	153	-	153	7	160	159
Nadeem Raza	36	-	36	1	37	37
Peter Mansfield[2]	101	-	101	3	104	164
Penny Searles	36	-	36	1	37	37
Jon Edwards	55	-	55	1	56	-
Total	1,013	-	1,013	26	1,039	1,101

1 Jon Furber resigned 30.09.2021
2 Peter Mansfield resigned 16.11.2021

DIRECTORS' SHARE OPTIONS

At 31 March 2022 the following options had been granted to the Company's Directors and remain current and unexercised:

	Option exercise price	Balance as at 1 April 2021	Granted during year	Exercised during year	Expired/ forfeited during year	Balance as at 31 March 2022	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
Matt 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
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
Nadeem Raza	£0.33	25,000	-	-	-	25,000	23/07/2030
Penny Searles	£0.33	25,000	-	-	-	25,000	23/07/2030

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 2021 and 31 March 2022 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 AUDITORS

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 auditors are 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 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 IFRSs as adopted by the United Kingdom 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.

INDEPENDENT AUDITORS

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

By approval of the Board on 28 June 2022.

Jon Edwards
Company Secretary

Independent auditors' report to the members of Trakm8 Holdings Plc

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 2022 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 2022 and of the group's profit 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.

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.
- Reviewing management's disclosures in relation to the potential impact of Coronavirus.

The key observations arising with respect to our evaluation included:

- Management's mitigating actions to minimise the ongoing impact of Coronavirus are within their control.
- There do not appear to be any indicators of material impairment as at the balance sheet date.
- Management's disclosures in relation to the potential impact of Coronavirus are consistent with their forecast scenarios.

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.

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.

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 £2.9m 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;
- there is an intention to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset; and
- 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.

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 £199,000. 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 £159,000. 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 0.9% 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.

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 99% 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 £179,000, 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 significant components 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.

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 34, 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.

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.

Cooper Parry Group Ltd.

Katharine Warrington (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor

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

Date: 28 June 2022

Trakm8 Holdings PLC

Consolidated Statement of Comprehensive Income For The Year Ended 31 March 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
		£'000	£'000
REVENUE	6	18,111	15,961
Cost of sales		(7,004)	(6,643)
Gross profit		11,107	9,318
Other income	7	13	194
Administrative expenses excluding exceptional costs		(10,193)	(9,585)
Exceptional administrative costs	9	(568)	(1,342)
Total administrative costs		(10,761)	(10,927)
OPERATING PROFIT/(LOSS)	8	359	(1,415)
Finance income		67	78
Finance costs	10	(548)	(530)
LOSS BEFORE TAXATION		(122)	(1,867)
Income tax	11	309	630
PROFIT/(LOSS) FOR THE YEAR		187	(1,237)
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		10	(3)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		10	(3)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		197	(1,240)
LOSS BEFORE TAXATION		(122)	(1,867)
Exceptional administrative costs		568	1,342
IFRS2 Share based payments (release)/charge		(443)	183
ADJUSTED PROFIT/(LOSS) BEFORE TAX	8	3	(342)
PROFIT/(LOSS) PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	13	0.37p	(2.47p)
Diluted	13	0.37p	(2.47p)

The results all relate to continuing operations.

Trakm8 Holdings PLC

Consolidated Statement of Changes in Equity For The Year Ended 31 March 2022

	Note	Share capital	Share premium	Merger reserve	Translation reserve	Treasury reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2020		500	14,691	1,138	196	(4)	4,658	21,179
Comprehensive loss								
Loss for the year		-	-	-	-	-	(1,237)	(1,237)
Other comprehensive loss								
Exchange differences on translation of overseas operations		-	-	-	(3)	-	-	(3)
Total comprehensive loss		-	-	-	(3)	-	(1,237)	(1,240)
Transactions with owners								
IFRS2 Share-based payments charge		-	-	-	-	-	183	183
Transactions with owners		-	-	-	-	-	183	183
Balance as at 1 April 2021		500	14,691	1,138	193	(4)	3,604	20,122
Comprehensive income								
Income for the year		-	-	-	-	-	187	187
Other comprehensive income								
Exchange differences on translation of overseas operations		-	-	-	10	-	-	10
Total comprehensive income		-	-	-	10	-	187	197
Transactions with owners								
IFRS2 Share based payments credit		-	-	-	-	-	(443)	(443)
Transactions with owners		-	-	-	-	-	(443)	(443)
Balance as at 31 March 2022		500	14,691	1,138	203	(4)	3,348	19,876

Consolidated Statement of Financial Position As At 31 March 2022

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS		£'000	£'000
NON CURRENT ASSETS			
Intangible assets	14	23,012	22,187
Property, plant and equipment	15	803	891
Right of use assets	16	2,032	2,512
Amounts receivable under finance leases	18	27	50
		25,874	25,640
CURRENT ASSETS			
Inventories	17	1,322	1,409
Trade and other receivables	18	7,944	6,679
Corporation tax receivable		709	690
Cash and cash equivalents		1,004	2,370
		10,979	11,148
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	(7,521)	(5,417)
Borrowings	21	(1,115)	(855)
Right of use liability	21	(612)	(680)
Provisions	22	(27)	(27)
		(9,275)	(6,979)
CURRENT ASSETS LESS CURRENT LIABILITIES		1,704	4,169
TOTAL ASSETS LESS CURRENT LIABILITIES		27,578	29,809
NON CURRENT LIABILITIES			
Trade and other payables	20	(626)	(1,546)
Borrowings	21	(4,855)	(5,815)
Right of use liability	21	(1,367)	(1,767)
Provisions	22	(112)	(190)
Deferred income tax liability	19	(742)	(369)
		(7,702)	(9,687)
NET ASSETS		19,876	20,122
EQUITY			
Share capital	23	500	500
Share premium		14,691	14,691
Merger reserve		1,138	1,138
Translation reserve		203	193
Treasury reserve		(4)	(4)
Retained earnings		3,348	3,604
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		19,876	20,122

The notes on pages 46 to 81 of the annual report and accounts are an integral part of these consolidated financial statements. These financial statements were approved by the Board of directors and authorised for issue on 28 June 2022 and are signed on its behalf by:

John F Watkins

John Watkins - Director

Jon Edwards - Director

Consolidated Statement of Cash Flows For The Year Ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	25	3,810	4,702
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(420)	(330)
Proceeds from sale of property, plant and equipment		125	-
Purchases of software		(48)	(47)
Capitalised development costs		(2,911)	(2,290)
NET CASH USED IN INVESTING ACTIVITIES		(3,254)	(2,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in loans		-	5,300
Loan arrangement fees		(5)	(88)
Repayment of loans		(743)	(5,379)
Repayment of obligations under lease agreements		(674)	(670)
Interest paid		(500)	(493)
NET CASH USED IN FINANCING ACTIVITIES		(1,922)	(1,330)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,366)	705
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,370	1,665
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,004	2,370

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 Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as endorsed by the European Union, 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 2022.

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 note 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 property, plant and equipment and 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.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 3 either in statement of comprehensive income or as a change to other comprehensive income.

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 license 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 and Monte Carlo option pricing model. The expected life used in the model 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 - 100%	Straight line
Development cost	10 - 100%	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 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.

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.

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 just 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 54% 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 17.

The Group renewed its debt facilities with HSBC in March 2021 and benefitted from deferral of capital repayments which recommenced in September 2021. This was in addition to reaching an agreement with HMRC to repay £1.8m VAT, PAYE & NI equally between this financial year and next. Covenant tests to the end of March 2022 were an absolute EBITDA tested quarterly, moving to quarterly cash flow cover and leverage covenants from June 2022.

At the year end the Group has cash balances of £1,004,000 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 material shortages constrain its ability to fulfil orders or demand of its products and services reduce and material costs increase.

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 2022	Year ended 31 March 2021
	£'000	£'000
Solutions:	18,111	15,961
Fleet and optimisation	11,217	9,520
Insurance and automotive	6,894	6,441

A geographical analysis of revenue by destination is as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
United Kingdom	17,784	15,647
North America	-	4
Norway	-	2
Rest of Europe	272	293
Rest of World	55	15
	18,111	15,961

7 OTHER INCOME

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Grant income	13	194
	13	194

8 OPERATING PROFIT/(LOSS)

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Depreciation		
- owned assets (see note 15)	176	156
- right of use assets (see note 16)	630	625
Amortisation of intangible assets		
- owned assets (see note 14)	2,134	1,992
Other operating lease rentals	34	13
Research and development expenditure	669	637
Loss on disposal of property plant and equipment	263	318
Loss on foreign exchange transactions	22	1
Staff costs (note 12)	5,187	6,465
Exceptional administrative costs (see note 9)	568	1,342
Auditors' remuneration		
- Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	77	73

Adjusted profit/(loss) before tax is monitored by the Board and measured as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Loss before tax	(122)	(1,867)
Exceptional administrative costs (note 9)	568	1,342
Share based payments	(443)	183
Adjusted profit/(loss) before tax	3	(342)

9 EXCEPTIONAL ADMINISTRATIVE COSTS

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Integration and restructuring costs	107	168
Covid-19 costs	646	2,109
Furlough grant income	(185)	(935)
	568	1,342

9 **EXCEPTIONAL ADMINISTRATIVE COSTS (continued)**

The Group incurred exceptional costs in the current and prior financial year relating to the Covid-19 pandemic. These costs include the increased cost of temporarily buying raw materials 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 this includes the costs of employees during periods of furlough.

The Group has also incurred significant costs relating to its ongoing project to streamline and rationalise the operations of the business. This has resulted in the following non-underlying, one-off costs:

- Restructuring costs incurred as a result of a headcount reduction activity undertaken during the current financial year.

- In the prior year, integration and restructuring costs incurred relate to integrating the activities of Route Monkey Limited and Roadsense Limited that were acquired in previous financial years and include costs associated with office closures and costs and profits incurred as part of its long-term real estate plan.

In the current and prior year, the Group received furlough grant income that relates to income received from the Coronavirus Job Retention Scheme for employees furloughed as a result of Covid-19.

10 **FINANCE COSTS**

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Interest on bank loans	388	373
Amortisation of debt issue costs	48	37
Interest on right of use assets	112	120
	548	530

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 2022	Year ended 31 March 2021
		£'000	£'000
Current tax	current year credit	(708)	(687)
	prior year adjustment	26	(2)
	sub total	(682)	(689)
Deferred tax	current year charge	257	89
	tax rate change	117	-
	prior year adjustment	(1)	(30)
	sub total	373	59
Income tax credit	Total	(309)	(630)

11 **INCOME TAX (continued)**

Factors affecting the tax charge

The tax assessed for the year is lower (2021: lower) than the applicable rate of corporation tax in the UK. The difference is explained below:

		Year ended 31 March 2022	Year ended 31 March 2021
		£'000	£'000
Loss before tax		(122)	(1,867)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)		(23)	(355)
Effects of:			
Expenses not deductible/income not taxable		(94)	39
R&D relief enhanced deduction		(432)	(338)
Adjustments in respect of prior periods:	Deferred tax	37	8
	Current tax	26	(2)
Opening and closing deferred tax rate adjustment		174	31
Other movements		3	(13)
Total tax credit		(309)	(630)

Tax on exceptional items

The tax effect of exceptional items is to increase the tax credit by £108,000 (2021: £255,000).

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 19% (2021: 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 2022	Year ended 31 March 2021
	No.	No.
The average monthly number of persons (including Directors) employed by the Group was:		
Engineering	56	63
Sales & marketing	58	65
Production	29	34
Administration	22	21
	165	183

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Wages and Salaries	4,937	5,532
Social security costs	584	629
Share based payments	(443)	183
Other pension costs	109	121
	5,187	6,465

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Salaries and other short-term employee benefits	1,099	1,131
Post-employment benefits	35	41
Share based payments	(471)	171
	663	1,343

The key management personnel are the Directors and one senior manager who have previously been identified as key management personnel.

The key management personnel made gains of £nil (2021: £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 32.

13 EARNINGS PER ORDINARY SHARE

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Profit/(Loss) for the year after taxation	187	(1,237)
Exceptional administrative costs	568	1,342
Share based payments	(443)	183
Tax effect of adjustments	(108)	(255)
Adjusted profit for the year after taxation	204	33
	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*	50,056,538	50,004,002
Basic profit/(loss) per share	0.37p	(2.47p)
Diluted profit/(loss) per share	0.37p	(2.47p)
Adjust for effects of:		
Exceptional costs	0.92p	2.17p
Share based payments	(0.89p)	0.37p
Adjusted basic earnings per share	0.41p	0.07p
Adjusted diluted earnings per share	0.41p	0.07p

*In the current year, the Group awarded Tranch AI with an exercise price of 16p. This grant is dilutive as the exercise price is less than the average share price as at year end.

14 INTANGIBLE ASSETS

	Goodwill	Intellectual property	Customer relationships	Development costs	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
As at 1 April 2020	10,417	1,920	100	17,190	1,903	31,530
Additions - Internal developments	-	-	-	2,119	-	2,119
Additions - External purchases	-	-	-	171	47	218
Impairments	-	-	-	-	(155)	(155)
Disposals	-	-	-	(238)	(36)	(274)
As at 31 March 2021	10,417	1,920	100	19,242	1,759	33,438
Additions - Internal developments	-	-	-	2,521	46	2,567
Additions - External purchases	-	-	-	390	2	392
As at 31 March 2022	10,417	1,920	100	22,153	1,807	36,397
AMORTISATION						
As at 1 April 2020	-	1,910	100	6,479	1,044	9,533
Charge for year	-	10	-	1,733	249	1,992
Disposals	-	-	-	(238)	(36)	(274)
As at 31 March 2021	-	1,920	100	7,974	1,257	11,251
Charge for year	-	-	-	1,943	191	2,134
As at 31 March 2022	-	1,920	100	9,917	1,448	13,385
NET BOOK AMOUNT						
As at 31 March 2022	10,417	-	-	12,236	359	23,012
As at 31 March 2021	10,417	-	-	11,268	502	22,187
As at 1 April 2020	10,417	10	-	10,711	859	21,997

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 for FY-2023 which have been reviewed and approved by the Board and projections for FY-2024. 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.

14 **INTANGIBLE ASSETS (continued)**

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 12% shows headroom of £3m.
2. A decrease in the growth rate to 5% shows headroom of £10m.
3. A decrease in the terminal growth rate to 1% shows headroom of £11m.

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 4% and decrease in terminal growth rate from 2% to 1% and increase the discount rate from 10% to 11%.

Or triggered by:

1. Decrease in net cash generated from operating activities for FY-2023 and FY-2024 of 14%.

Amortisation expenses of £2,134,000 (2021: £1,992,000) have been charged to Administrative expenses in the Consolidated Statement of Comprehensive Income.

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 2020	147	1,065	543	7	1,762
Reclassification	-	76	(76)	-	-
Additions	7	303	20	-	330
Disposals	-	(3)	(131)	-	(134)
As at 31 March 2021	154	1,441	356	7	1,958
Reclassification	-	-	-	-	-
Additions	-	461	15	-	476
Disposals	(86)	(351)	-	-	(437)
As at 31 March 2022	68	1,551	371	7	1,997
DEPRECIATION					
As at 1 April 2020	11	568	459	7	1,045
Reclassification	-	(2)	2	-	-
Charge for year	7	138	11	-	156
Disposals	-	(3)	(131)	-	(134)
As at 31 March 2021	18	701	341	7	1,067
Reclassification	-	-	-	-	-
Charge for year	7	155	14	-	176
Disposals	-	(49)	-	-	(49)
As at 31 March 2022	25	807	355	7	1,194
NET BOOK AMOUNT					
As at 31 March 2022	43	744	16	-	803
As at 31 March 2021	136	740	15	-	891
As at 1 April 2020	136	497	84	-	717

Included within freehold property is £nil (2021: £86,000) relating to land which is not depreciated.

Total depreciation expenses of £176,000 (2021: £156,000) have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

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 2020	2,098	509	175	619	153	3,554
Additions	-	42	175	79	-	296
Impairments	-	-	-	-	(153)	(153)
Disposals	-	-	-	(83)		(83)
As at 31 March 2021	2,098	551	350	615	-	3,614
Additions	-	-	56	94	-	150
Disposals	-	-	-	(97)	-	(97)
As at 31 March 2022	2,098	551	406	612	-	3,667
AMORTISATION						
As at 1 April 2020	264	49	62	175	-	550
Charge for year	265	75	58	227	-	625
Disposals	-	-	-	(73)	-	(73)
As at 31 March 2021	529	124	120	329	-	1,102
Charge for year	265	70	114	181	-	630
Disposals	-	-	-	(97)	-	(97)
As at 31 March 2022	794	194	234	413	-	1,635
NET BOOK AMOUNT						
As at 31 March 2022	1,304	357	172	199	-	2,032
As at 31 March 2021	1,569	427	230	286	-	2,512
As at 1 April 2020	-	-	-	-	-	-

Total depreciation expenses of £630,000 (2021: £625,000) have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

17 **INVENTORIES**

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Raw materials	370	174
Work in progress	502	584
Finished goods and goods for resale	450	651
	1,322	1,409

The cost of inventories recognised as an expense and included in cost of sales amounted to £3,509,000 (2021: £3,308,000). During the year, inventories of £171,000 (2021: £270,000) were written down including manufacturing attrition and repair costs. These were charged to cost of sales in the Consolidated Statement of Comprehensive Income.

18 TRADE AND OTHER RECEIVABLES

	Non-current assets		Current assets	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	£'000	£'000	£'000	£'000
Trade receivables	-	-	3,831	2,555
Other receivables	-	-	110	166
Amounts receivable under finance leases	27	50	23	63
Prepayments	-	-	351	371
Assets recognised for goods and services delivered but not billed (contract asset)	-	-	3,629	3,524
	27	50	7,944	6,679

The analysis of trade receivables by currency is as follows:

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Pound Sterling	3,827	2,554
Euro	4	1
	3,831	2,555

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 £130,000 (2021: £197,000).

Movement in provision for impairment of trade receivables:

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Opening provision for impairment of trade receivables	197	415
Arising during the year	72	38
Utilised during the year	(139)	(177)
Released during the year	-	(79)
Impairment loss during the year	(67)	(218)
Closing provision for impairment of trade receivables	130	197

As at 31 March 2022 trade receivables of £819,000 (2021: £868,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Up to 3 months past due	532	626
3 to 6 months past due	287	242
	819	868

18 **TRADE AND OTHER RECEIVABLES (continued)**

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	24	65	23	63
After one and within two years	28	52	27	50
After two and within five years	-	-	-	-
	52	117	50	113

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% (2021: 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 2022	As at 31 March 2021
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	(742)	(369)
	(742)	(369)

The deferred tax liability consists of the following:

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Trading losses	2,266	1,673
Short term timing differences	-	(9)
Accelerated tax depreciation	(3,008)	(2,033)
	(742)	(369)

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 2021	1,673	(2,033)	(9)	(369)
Credited / (debited) to the Statement of Comprehensive Income	593	(975)	9	(373)
Credited / (debited) to the Statement of Changes in Equity	-	-	-	-
At 31 March 2022	2,266	(3,008)	-	(742)

20 TRADE AND OTHER PAYABLES

	Non-current liabilities		Current liabilities	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	£'000	£'000	£'000	£'000
Trade payables	-	-	2,956	1,996
Social security and other taxes	-	799	1,747	1,744
Other payables	-	-	56	-
Accruals and deferred income	-	-	897	773
Payments received in advance of service delivery (contract liability)	626	747	1,865	904
	626	1,546	7,521	5,417

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 £1.9m (2021: £1.4m).

21 BORROWINGS

	As at 31 March 2022					As at 31 March 2021				
	Loans			Obligations under right of use assets	Total	Loans			Obligations under right of use assets	Total
	Gross	Arrangement fee	Net			Gross	Arrangement fee	Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current	1,165	(50)	1,115	612	1,727	902	(47)	855	680	1,535
Non Current	4,892	(37)	4,855	1,367	6,222	5,898	(83)	5,815	1,767	7,582
	6,057	(87)	5,970	1,979	7,949	6,800	(130)	6,670	2,447	9,117

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 by 22 monthly instalments from 30 September 2021 of £86,000 and a final repayment of the outstanding balance on 31 October 2023 and bears interest at a floating rate of 5.1% over base rate. As at 31 March 2022 the Group owed £4.9m (2021: £5.3m).

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 2022 (2021: £nil) the Group had not used this overdraft facility.

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 in 15 quarterly instalments commencing on 30 September 2021. As at 31 March 2022 the Group owed £1.2m (2021: £1.5m)

The Group's obligations under right of use assets are secured by the lessors' title to the leased assets (see below).

21 **BORROWINGS (continued)**

Obligations under right of use assets by category at 31 March 2022 were as follows:

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Current	259	77	98	126	52	612
Non-current	1,145	46	87	76	13	1,367
Total	1,404	123	185	202	65	1,979

The maturity of obligations under right of use assets at 31 March 2022 were as follows:

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	259	78	98	126	52	613
1 to 2 years	1,145	38	56	66	11	1,316
2 to 5 years	(1)	7	31	9	2	48
Total	1,403	123	185	201	65	1,977

22 **PROVISIONS**

	Dilapidations	Warranty	Total
	£'000	£'000	£'000
As at 1 April 2020	119	65	184
Arising during the year	42	-	42
Released during the year	-	(9)	(9)
As at 1 April 2021	161	56	217
Arising during the year	-	-	-
Released during the year	(61)	(17)	(78)
At 31 March 2022	100	39	139

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 2022	As at 31 March 2021
	£'000	£'000
Current	27	27
Non-Current	112	190
	139	217

23 SHARE CAPITAL

	As at 31 March 2022		As at 31 March 2021	
	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% (2021: 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 July 2021 which were issued at the closing market price on the 11 July 2021. 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 Monte Carlo (2021: 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 2 tranches of options were awarded, tranche AH and AI. The inputs to our Black Scholes pricing model were:

	Tranch AH	Tranch AI
Grant date	12-Jul-21	18-Nov-21
Weighted average FV (pence)	2.82	5.89
Weighted average exercise price (pence)	16.00	27.00
Expected volatility (%)	96.4%	96.1%
Expected life of option	5.0	5.0
Dividend yield (%)	0.0%	0.0%
Risk free (%)	0.5%	0.5%

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
12-Jul-21	875,000	16p	12/07/2031
18-Nov-21	450,000	27p	18/11/2031

24 **SHARE-BASED PAYMENTS (continued)**

A reconciliation of option movements over the year to 31 March 2022 is shown below;

	As at 31 March 2022		As at 31 March 2021	
	Share options	Weighted average Exercise	Share options	Weighted average Exercise
	No	Price (p)	No	Price (p)
Outstanding at beginning of the year	4,350,000	33	3,425,000	35
Granted during the period	1,325,000	20	1,475,000	28
Forfeited during the period	(1,275,000)	31	(550,000)	31
Outstanding at the end of the year	4,400,000	30	4,350,000	33

The range of exercise prices of the outstanding options is 16.0 pence to 192.5 pence (2021: 18.5 pence to 192.5pence) and the weighted average remaining contractual life is 6.9 years (2021: 7.7 years).

The Group released £443,000 to the Statement of Comprehensive Income in respect of Share-Based Payments for the financial year ended 31 March 2022 (2021: £183,000 charge).

Share options exercisable at 31 March 2022 were 1,650,000 (2021: 900,000).

25 **CASH GENERATED FROM OPERATIONS**

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Loss before tax	(122)	(1,867)
Depreciation	806	781
(Profit)/Loss on disposal of fixed assets	263	318
Net bank and other interest	481	452
Exceptional costs	568	1,342
Amortisation of intangible assets	2,134	1,992
Exchange movement	10	(3)
Share based payments	(443)	183
Operating cash flows before movement in working capital	3,697	3,198
Movement in inventories	87	634
Movement in trade and other receivables	(1,242)	1,166
Movement in trade and other payables	1,184	70
Movement in provisions	(78)	33
Cash generated from operations before exceptional costs	3,648	5,101
Cash outflow from exceptional costs	(568)	(1,342)
Cash generated from operations	3,080	3,759
Interest received	67	78
Income taxes received	663	865
Net cash inflow from operating activities	3,810	4,702

26 FINANCIAL COMMITMENTS

At the Statement of Financial Position date, the Group had outstanding commitments for future minimum operating lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March 2022	As at 31 March 2021
Operating Leases	£'000	£'000
Other:		
Within one year	1	11
In the second to fifth years inclusive	-	1
	1	12

27 RELATED PARTY TRANSACTIONS

A total of 875,000 (2021: 1,000,000) share options were granted during the year to five key management personnel (2021: nine).

Non-Executive Director Nadeem Raza is a Director of Microlise Limited, a customer of the Group. Sales to Microlise Limited in the current year were £5,000 (2021: £nil). All sales were based on prices and terms that would be available to third parties. At 31 March 2022 Microlise Limited owed Trakm8 £nil (2021: £nil).

The Non-Executive Director Penny Searles is a Director of A Plan Holdings (appointed during the current financial year), a customer of the Group. Sales to A Plan Holdings in the current year were £606,000. All sales were based on prices and terms that would be available to third parties. At 31 March 2022 A Plan Holdings owed Trakm8 £162,000.

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

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 2022	As at 31 March 2021
	Profit	Profit
	£'000	£'000
Base rate	(121)	(136)

	5%	
	Profit	Profit
	£'000	£'000
Base rate	(303)	(340)

28 **FINANCIAL INSTRUMENTS (continued)**

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 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(125)	(127)	102	104
Euro	(16)	(96)	13	78

	20% decrease		20 % increase	
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(282)	(286)	188	191
Euro	(36)	(215)	24	144

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 2022	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2021
	Monetary Assets	Monetary Liabilities	Monetary Assets	Monetary Liabilities
	£'000	£'000	£'000	£'000
US Dollar	-	80	3	57
Euro	4	43	1	199
	4	123	4	256
Sterling	8,593	15,910	8,674	15,825
Total	8,597	16,033	8,678	16,081

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.

28 **FINANCIAL INSTRUMENTS (continued)**

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 2022	As at 31 March 2021
	£'000	£'000
AA-	1,004	2,370
	1,004	2,370

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.

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 maintain gearing. This was achieved (removing IFRS 16 impact) through improved trading and working capital management.

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Total borrowings (note 21)	7,949	9,117
Total borrowings (excluding IFRS 16 impact)	6,345	7,172
Total capital and reserves	19,876	20,122
Total capital	27,825	29,239
Total capital (excluding IFRS 16 impact)	26,221	27,294
Gearing ratio	29%	31%
Gearing ratio (excluding IFRS 16 impact)	24%	26%

At the year end the Group had total net borrowings of £6,945,000 (2021: £6,747,000). This includes IFRS16 impact of £1,606,000 (2021: £1,945,000).

28 **FINANCIAL INSTRUMENTS (continued)**

Assets as per Statement of Financial Position	Receivables and Cash	
	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Trade and other receivables excluding prepayments	7,593	6,308
Cash and cash equivalents	1,004	2,370
	8,597	8,678

	Financial liabilities at amortised cost	
	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Borrowings	7,949	9,117
Trade and other payables excluding statutory liabilities and deferred revenue	8,084	6,964
	16,033	16,081

Payable as follows	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
On demand or within one year	9,121	7,137
After one and within two years	5,525	3,296
After two and within five years	1,387	5,228
After five years	-	420
	16,033	16,081

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 (2021: £nil).
No Dividend was paid during the year (2021: £nil).

30 **OPERATING LEASES AS LESSOR**

The Group rents out equipment under operating leases. Equipment rental income earned during the year was £nil (2021: £43,000). At the year end the Group had contracted with lessees of the Group for the following future minimum lease payments under non-cancellable operating leases.

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Within 1 year	-	-
	-	-

Parent Company Statement of Financial Position As At 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021 £'000
ASSETS			
NON CURRENT ASSETS			
Investments	4	10,986	11,429
Deferred tax asset		306	218
		11,292	11,647
CURRENT ASSETS			
Trade and other receivables	5	10,579	11,342
Cash and cash equivalents		19	403
		10,598	11,745
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	(437)	(621)
Borrowings	7	(1,115)	(855)
		(1,552)	(1,476)
CURRENT ASSETS LESS CURRENT LIABILITIES		9,046	10,269
TOTAL ASSETS LESS CURRENT LIABILITIES		20,338	21,916
NON CURRENT LIABILITIES			
Borrowings	7	(4,855)	(5,815)
NET ASSETS		15,483	16,101
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)
Retained earnings		(331)	287
TOTAL SHAREHOLDERS' FUNDS		15,483	16,101

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 £176,000 (2021: loss £257,000).

These financial statements on pages 82 to 91 were approved by the Board of Directors and authorised for issue on 28 June 2022 and are signed on their behalf by:

John Watkins - Director

Jon Edwards - Director

Trakm8 Holdings PLC

Parent Company Statement of Changes in Equity For The Year Ended 31 March 2022

	Called up share capital	Share premium account	Merger reserve	Treasury reserve	Retained earnings	TOTAL SHAREHOLDERS ' FUNDS
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2020	500	14,691	627	(4)	361	16,175
IFRS2 Share-Based payment charge	-	-	-	-	183	183
Loss for the year	-	-	-	-	(257)	(257)
Balance as at 31 March 2021	**500**	**14,691**	**627**	**(4)**	**287**	**16,101**
IFRS2 Share based payments credit	-	-	-	-	(443)	(443)
Loss for the year	-	-	-	-	(175)	(175)
Balance as at 31 March 2022	**500**	**14,691**	**627**	**(4)**	**(331)**	**15,483**

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 2022.

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 and Monte Carlo option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

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 (apart from those involving estimations, which are dealt with below).

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 £176,000 (2021: loss £257,000). Audit fees for the Company for the year were £3,000 (2021: £3,000).

4 **INVESTMENTS**

	Subsidiaries
Cost	£'000
At 31 March 2021	11,429
Capital contribution in respect of share based payments	(443)
At 31 March 2022	10,986

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 2022 (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 2022. 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 2022	As at 31 March 2021
	£'000	£'000
Amounts due from subsidiary undertakings	10,552	11,318
Social security and other taxes	8	6
Prepayments and other receivables	19	18
	10,579	11,342

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

6 TRADE AND OTHER PAYABLES

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Trade creditors	49	-
Amounts due to subsidiary undertakings	311	456
Accruals and other creditors	77	165
	437	621

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

7 BORROWINGS

	As at 31 March 2022 Loans			As at 31 March 2021 Loans		
	Gross	Arrangement fee	Net	Gross	Arrangement fee	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Current	1,165	(50)	1,115	902	(47)	855
Non current	4,892	(37)	4,855	5,898	(83)	5,815
	6,057	(87)	5,970	6,800	(130)	6,670

	2022	2021
Bank loan	5,970	6,670
The Bank loan is repayable as follows:		
	£'000	£'000
Within one year	1,115	855
After one and within two years	4,458	1,385
After two and within five years	397	4,430
	5,970	6,670

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 by 22 monthly instalments from 30 September 2021 of £86,000 and a final repayment of the outstanding balance on 31 October 2023 and bears interest at a floating rate of 5.1% over base rate. As at 31 March 2022 the Group owed £4.9m (2021: £5.3m).

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 2022 (2021: £nil) the Group had not used this overdraft facility.

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 in 15 quarterly instalments commencing on 30 September 2021. As at 31 March 2022 the Group owed £1.2m (2021: £1.5m).

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 above.

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 company, 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 875,000 (2021: 1,000,000) share options were granted during the year to five key management personnel (2021: nine).

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 (2021: £nil) during the year (other than the Directors). See remuneration report on page 32 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 29.

12 **DIVIDENDS**

The Company is not proposing a final dividend for the year (2021: £nil).

No Dividend was paid during the year (2021: £nil).

Directors
Matthew Cowley
Tim Cowley
Keith Evans
John Watkins
Mark Watkins
Peter Mansfield
Nadeem Raza
Penny Searles
Jon Edwards (appointed 1 October 2021)
Jon Furber (resigned 30 September 2021)

Company Secretary
Jon Edwards (appointed 2 January 2022)
Lucie Green (1 October 2021 - 1 January 2022)
Jon Furber (resigned 30 September 2021)

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	3,836,000	7.7%
James Hedges	2,313,712	4.6%
Tim Cowley	2,268,127	4.5%
Matt Cowley	1,994,203	4.0%