



# 2021 Final Results

29 June 2021

# Introduction to Trakm8

# Presentation team



**John Watkins**  
**Executive Chairman**

Executive Chairman since July 2013, after five years as Chief Executive Officer

Over 30 years' international sales, marketing and acquisition experience in the electronics and engineering industries

Previously Executive Chairman of Omitec Group Ltd, where he managed an eight-fold increase in sales to over £20 million

Prior directorships: Solvera PLC, Benson Group Plc, RK Group Ltd, GEC, SEI Ltd, FKI Communications Ltd.

MA in Engineering Science from Oxford University



**Jon Furber**  
**Finance Director**

Appointed to Board in September 2017

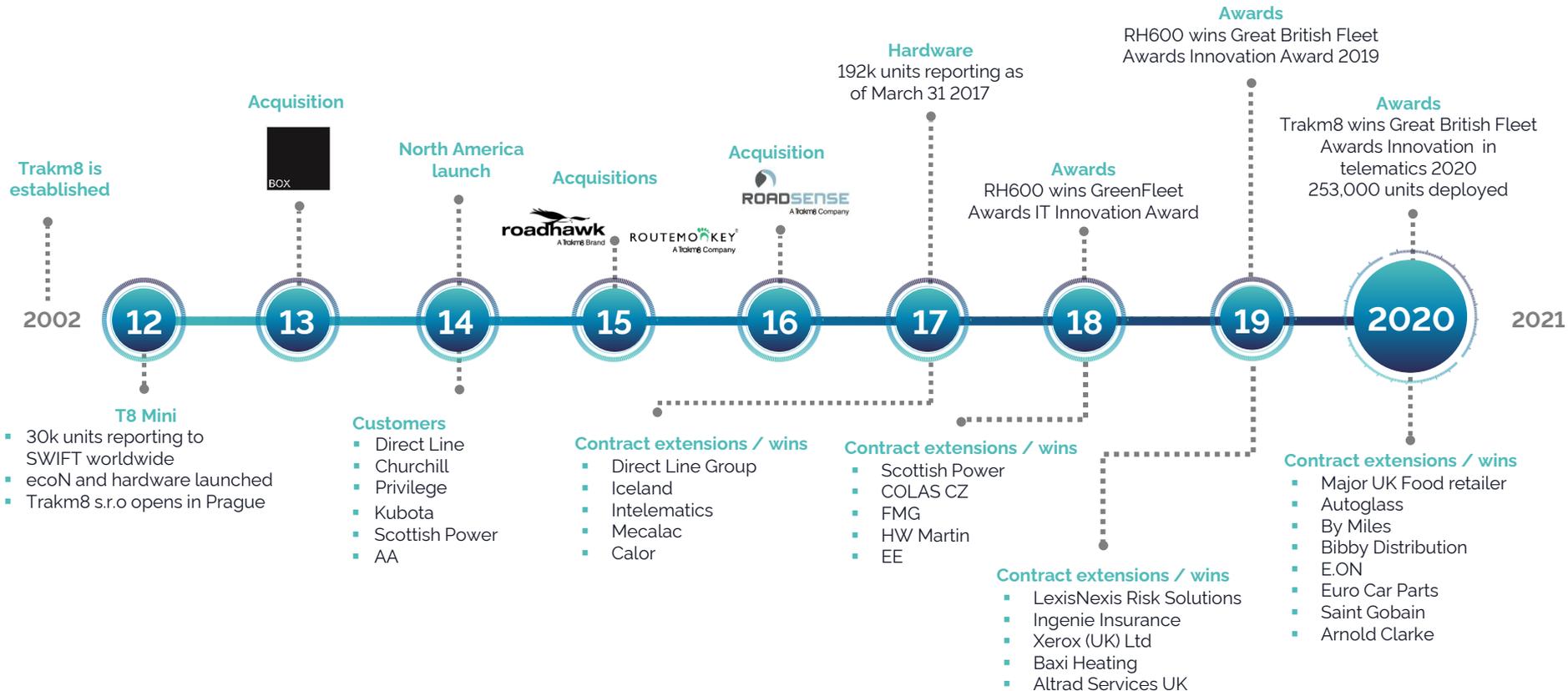
Chief Finance Officer previously for a number of high-growth software / technology businesses: Intrinsic (Interim), Appsense, HP Information Security

Over five years experience at KPMG

Chartered Accountant

B.Com (Accountancy) from University of Birmingham

# Trakm8 timeline

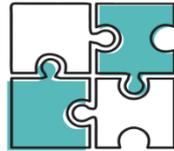


# Company overview



## Cross-sector relationships:

- c.20 Insurance & Automotive Customers
- c.2000 Fleet & Optimisation Customers
- c.20 countries with trading relationships
- c.10 countries with connected devices

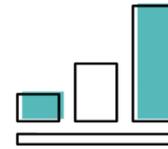


## Range of telematics solutions:

IP-owned Software and hardware for

- Fleet Management
- Optimisation
- Insurance
- Automotive

Driven by investment in innovation



## Organic growth platform:

- 254,000 connections (FY 2020: 245,000)
- £9.4M Recurring revenue
- Positioned for growth post Covid



## Strong end market drivers:

- Government initiatives and legislation
- Insurance premiums
- Fleet efficiencies
- Connected Car, autonomous and electric vehicles
- Environmental and risk trends

# Fully integrated business

Trakm8 designs, develops, manufactures and hosts full solutions for connecting vehicles. Providing data analytics to enable operators of vehicles to improve efficiency and reduce risk, thereby significantly improving the environmental impact.

- Develops own Intellectual Property through:
  - Design and development of software solutions and platforms
  - Design and development of mobile apps
  - Development of algorithms for Optimisation, ADAS, Scoring for risk and efficiency
  - Design and development of hardware devices
- Supply chain management and manufacturing
- Full fulfilment and installation services (installation through partners)
- Multichannel sales and distribution
- Hosting
- Customer support



*Driving our greener, safer, connected tomorrow*

# Fleet and Optimisation

Pre - Covid the fleet management market grew at a compound annual growth rate of 15%

## Markets and Drivers

### Fleet Markets

- Home Delivery
- Transport and Logistics
- Company Cars & Light Commercial Vehicles
- Mixed Fleets
- Small Fleets and Sole Traders
- Electric Vehicle Routing

### Fleet Drivers

- Competition to improve productivity and efficiencies i.e. fuel consumption
- Integration of fleet management systems
- Increased focus on environmental impact
- Focus on road safety and compliance
- Requirement to reduce risk
- Increasing insurance premiums and vehicle maintenance costs

### Optimisation Markets

- Transport and Logistics
- Energy Storage and Smart Grids
- Mobility
- Electric Vehicles
- Vehicle Sharing
- Smart Cities

### Optimisation Drivers

- Growth of online shopping retail and home delivery sectors
- Expansion of clean air zones and air quality concerns
- Growth of ride and freight sharing
- Smarter network planning
- Smart Cities and Intelligent Mobility

# Insurance and Automotive

Pre – Covid the market grew at a compound annual growth rate of 35%

## Markets and Drivers

### Insurance Markets

- Personal Lines Insurers
- Commercial Lines Insurers
- Reinsurers
- Brokers
- Managing General Agents (MGA's)
- Vehicle Manufacturers

### Insurance Drivers

- Increasing car insurance premiums
- Necessity to reduce risk posed by policyholders
- Narrower margins for insurers
- Increase in digitally-savvy policyholders
- Streamlining of the first notification of loss process
- Competition to provide value-added features
- Usage Based Insurance

### Automotive Markets

- OEMs
- Vehicle Leasing
- Breakdown Providers
- Independent Service Provider
- Construction and Plant

### Automotive Drivers

- Increase in connected car requirements such as remote diagnostics
- Improvement in maintenance planning
- Requirement for accurate usage reporting and service schedules
- Health and safety improvements
- Competition to improve efficiencies in plant and machinery

## Fleet Management



- Exceed market growth to grow market share
- Maintain market leading fully integrated solutions
- Maximise digital strategy
- Expand international footprint through distribution partners
- Ambition to have 200,000 connected devices by 2025

## Insurance



- Focus on costs to facilitate mass market propositions
- Provide more full service data solutions
- Target Broker market to drive growth
- Ambition to have 300,000 connected devices by 2025

## Optimisation



- Leverage one platform solution to drive significant growth
- Maximise market leadership in EV optimisation
- Maximise digital strategy
- Expand international business

## Automotive



- Build out base of customers in Road Side Assistance, Leasing Companies and Vehicle Builders
- Develop market leading vehicle predictive maintenance programmes
- Further develop Advanced Driver Assistance Systems capability
- Expand international footprint
- Ambition to have 500,000 connected devices by 2025



# What we do

# Trakm8 Solutions

Your complete fleet management solution



Vehicle Track & Trace



Route Optimisation & Scheduling



ePOD



Driver Behaviour Monitoring



Vehicle Cameras



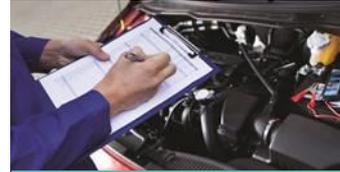
Trailer Tracking



Asset Management



Camera Integrated Telematics



Vehicle Diagnostics/Prognostics



Multi-cam Systems & FORS Solutions



Reporting



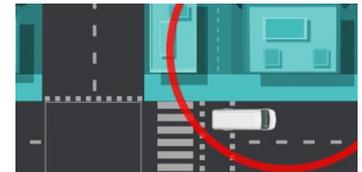
Direct Vision Standard (DVS)



Third-party Integration



Tacho & Tru Tac Integration



Geo-fencing

# Route optimisation and scheduling

- Online slot booking system for retail solution
- Plan delivery schedules in minutes, at the click of a button
- **Increase delivery capability by 30%**
- Complete tasks with the fewest vehicles and in the lowest possible mileage
- Reduce CO2 emissions
- **Save up to 20%** on fuel consumption
- ePOD package
- Customer communications package
- Integrates with existing back office software and ePOD systems
- Digital solution self serve solution



# Insurance

Telematics is reshaping the car insurance industry. By manufacturing the smallest self-install devices in the market, our telematics insurance solutions provide insurers worldwide with user-friendly risk profiling solutions.

- **Outbound FNOL Telephony Service**
- **Vehicle Diagnostics/Prognostics**
- **Vehicle Recovery**
- **FNOL Alerts**
- **Usage Based Insurance**
- **Commercial /Consumer UI**
- **White Label Capability**
- **Partnerships**
- **Fulfilment**
- **Driver Behaviour Monitoring**



# Automotive

The connected car is transforming the automotive industry. Our automotive telematics solutions are enabling the connected car and other connected assets to notify businesses and end users about vehicle faults, maintenance requirements and more.

- **Connected Car**
- **Asset Management**

Trakm8



# 2021 Final Results

- Revenue down by 18% due to Covid which has an estimated £4M impact:
  - Insurance and Automotive down £1.1M:
    - New unit shipments impacted by an estimated 95,000 due to Covid
    - Connections increased by 10% due to impact of four new insurance
    - Second significant European road side assistance company launched in volume during the year
  - Fleet and Optimisation down £2.5M:
    - Trading improved in second half after significant reduction in Q1 when Covid first hit
    - Contract awards with The Parts Alliance Group and a major UK retailer
- Adjusted loss broadly similar to prior year despite Covid impact (£300K loss):
  - £0.8M of annualised cost savings in both direct and indirect costs
- Renewed Banking facilities for 2 years through to 31 October 2023, including delayed capital repayments
- Outlook is to return to pre-Covid revenues and deliver a modest profit:
  - Benefit from continued cost improvements and efficiency
  - Dependent on no more lockdowns or unsurmountable supply chain challenges

# Financial Statement

## Income Statement

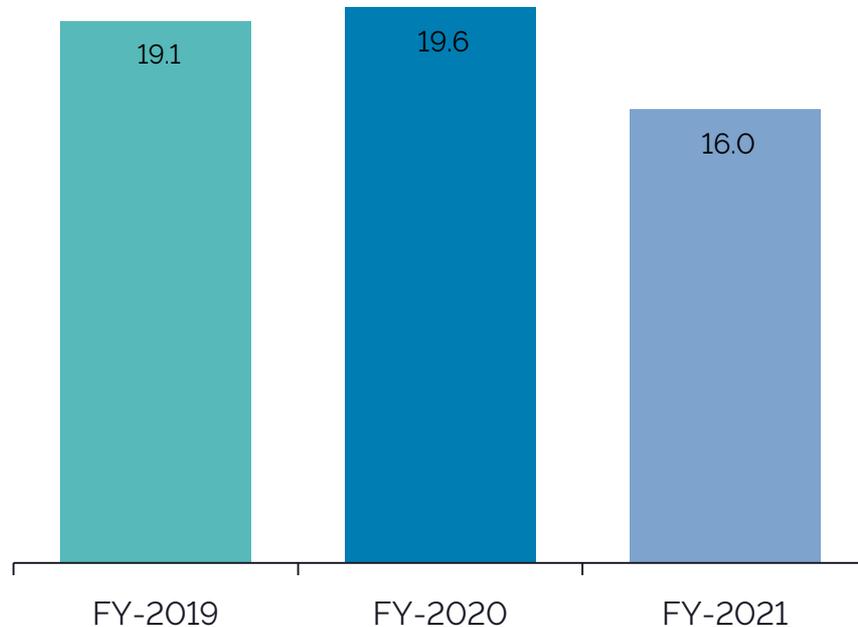


£000's	FY-2021	FY-2020
Revenue	15,961	19,550
of which, Recurring Revenues	9,379	9,753
Gross Profit	9,318	11,559
Gross Profit Margin	58.4%	59.1%
Administrative Expenses*	(9,402)	(11,741)
Adjusted Loss before Tax*	(342)	(224)
Loss before Tax	(1,867)	(1,705)
Loss after Tax	(1,237)	(1,093)
Adjusted basic EPS* (p)	0.07	0.28

\* Adjusted for exceptional costs and share based payments

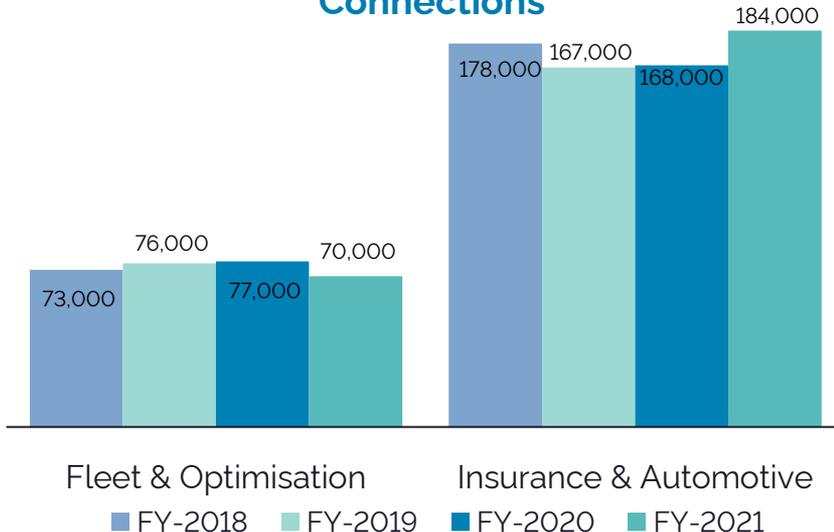
## FY-2021 Results

- Revenues down by 18%:
  - Estimate £4M impact from Covid
  - Recurring revenues down 4%
- Reduced overheads:
  - £1.0M exceptional costs from employees on furlough
  - Other overheads £0.9M lower
  - £0.3M reduced headcount
- Reconciliation to statutory PBT:
  - Exceptional costs £1.3M
  - Share based payments £0.2M



- FY21 Revenue significantly impacted by Covid-19
- Fleet revenues (down £2.5M) impacted more than Insurance & Automotive (down £1.1M) when compared to prior year
- Insurance & Automotive overall impacted greater by Covid-19, however this has been mitigated by new customers
- Impact on FY21 estimated at £4M
- £9.4M Recurring revenues

### Connections



### Revenue by Sector



#### Fleet

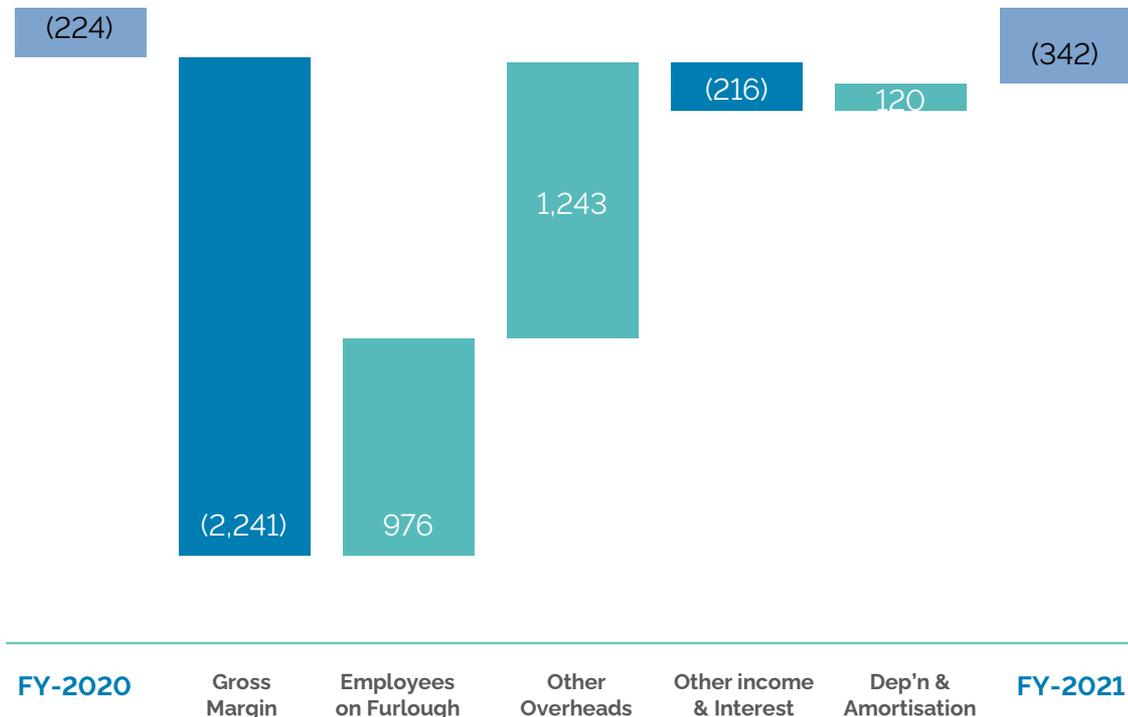
- Fleet Telematics connections down 7,000 (10%) in FY21 due to Covid-19 impact on H1
- Connections flat in H2 as business recovered from initial lockdown
- Revenue down 21%

#### Insurance

- Insurance & Automotive connections up 16,000 (10%) in FY21 driven by new customers
- Impact of current lockdown resulting in only 1,000 unit growth in H2
- New commercial models to widen footprint result in lower RPU.
- Revenue down 14% YOY

# Financial

## Adjusted Profit before Tax Bridge



- FY-2021 Loss of £0.3M
- Gross margin decline driven by reduced revenues due to Covid
- Gross Margin % down 1% point YOY, due to revenue mix (3% points), offset by improved costs (2% points)
- £1.0M of employee costs whilst on furlough expensed as exceptional costs (plus £0.6M from COGS & R&D)
- Other overhead savings include £0.3M from lower headcount and £0.9M from lower marketing and other costs due to Covid

# Financial Statement

## Consolidated Statement of Financial Position



£000's	FY-2021	FY-2020
<b>Non-current assets</b>		
Intangible assets	22,187	21,997
Right of use assets	2,512	3,004
Other non-current assets	941	758
	25,640	25,759
<b>Current assets</b>		
Inventories	1,409	2,043
Trade and other receivables	6,679	7,854
Corporation tax receivable	690	863
Cash and cash equivalents	2,370	1,665
	11,148	12,425
Current liabilities	(6,979)	(7,988)
Current Assets less current liabilities	4,169	4,437
Non-Current liabilities	(9,687)	(9,017)
Net Assets	20,122	21,179

- Investment in R&D of £2.3M, down £0.9M on prior year, part impacted by Covid
- Total R&D spend (including employees on furlough) of £3.3M is £0.8M lower than prior year
- Inventories down £0.6M due to active management (reduced by £0.7M in prior year)
- Receivables and payables down due to reduced volumes
- Current liabilities include £1.0M of HMRC deferred payments and Non-Current liabilities include £0.8M
- Financial position:
  - Net Debt (excl IFRS 16) £4.9M, down £0.7M
  - Unused Bank overdraft of £0.5M

# Financial Statement

## Consolidated Cash Flow Statement

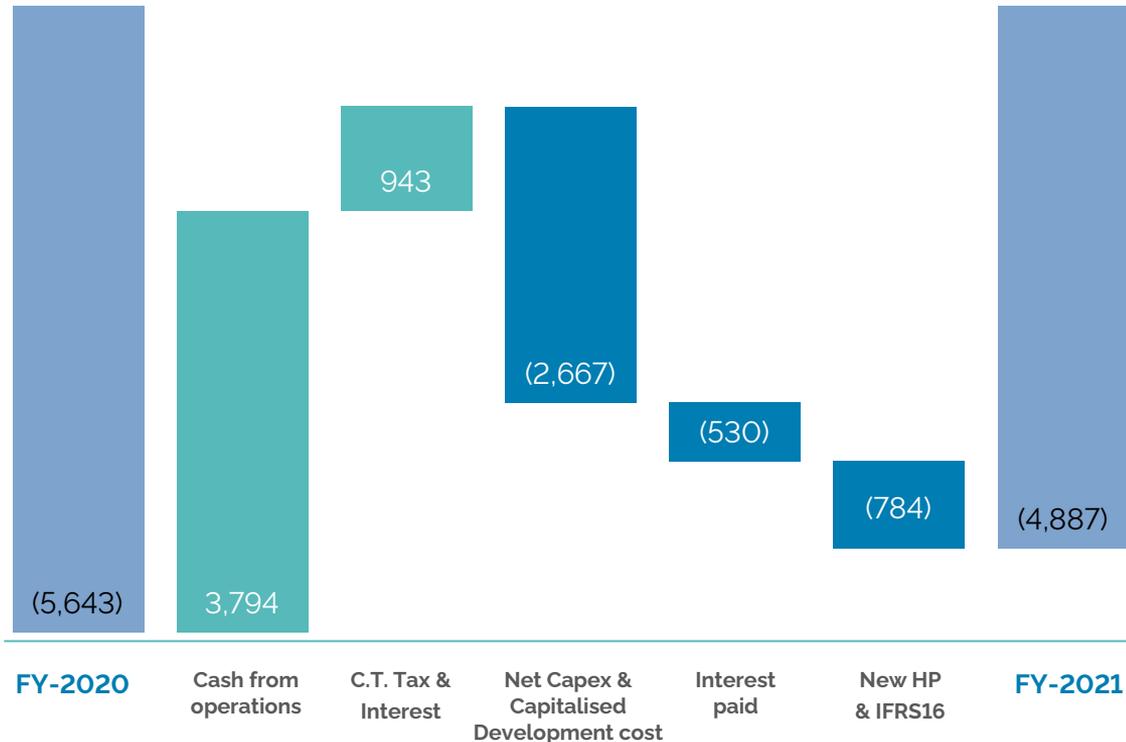


£000's	FY-2021	FY-2020
Net cash generated from operating activities	4,737	4,115
<b>Cash flows from Investing Activities</b>		
Purchases of property, plant and equipment	(330)	(20)
Purchases of software	(47)	(23)
Capitalised development costs	(2,290)	(3,156)
Net cash used in investing activities	(2,667)	(3,179)
<b>Cash flows from financing activities</b>		
Increase in bank loan	5,300	2,000
Loan arrangement fees	(86)	-
Repayments of bank loans	(5,379)	(1,440)
Repayment of obligations under lease agreements	(670)	(630)
Interest paid	(530)	(386)
Net Cash generated from financing activities	(1,365)	(456)
Net increase in cash and cash equivalents	705	460
Cash and cash equivalents at end of year	2,370	1,665

- £0.6M improvement in cash generated from operating activities
- Cash from operating activities includes:
  - R&D tax credit cash of £0.9M
  - £1.8M from deferred HMRC payments
- Investment in R&D down £0.9M to £2.3M
- Renewed Bank facilities:
  - £5.3M Loan
  - £0.5M Overdraft
  - Renewed to 31 October 2023
  - Repayments commence in September 2021 at £86K per month
  - Covenant "carve out" to cover Covid
- Benefitted from capital repayment holiday in current year from June from both HSBC & Maven

# Financial

## Net Debt Bridge\*



- Net debt excl. IFRS 16 down by £0.8M year on year
- Net debt including IFRS 16 is £6.8M
- Cash flow from operations includes £1.8M of HMRC deferred payments
- £0.3M of new HP and £0.5M payments on IFRS16 leases
- Additional £0.5M unutilised bank overdraft

# Our strategy: Focus in FY-2021

Manage impact of Covid-19, with focus on maximising revenues from existing solutions

01

## INCREASING OUR MARKET SHARE

- Growth ambition impacted by Covid-19, estimated 95,000 unit Insurance unit impact
- Grow market share in UK insurance telematics market through new customer contracts
- European Automotive customer launched in H2
- Expand European Fleet revenues by expanding international distribution partners

02

## DELIVERING A CUTTING-EDGE SOLUTIONS PORTFOLIO

- Insight optimisation solution expanded
- Improved algorithms developed for crash detection, driver scoring and ADAS
- Improved camera launched
- Expanded line of self fit devices launched

03

## STREAMLINING OUR INTERNAL OPERATIONS

- Further £0.8m of annualised cost savings realised in both direct and indirect costs
- Headcount reduced by a further 10%

# Our strategy: Focus in FY-2022

Return to Growth and profit following Covid impacted year

01

## INCREASING OUR MARKET SHARE

- Double marketing spend and launch new lead generation engine for Fleet
- Continue to seek international distribution partners to expand non-UK revenues
- Realise growth post Covid from recently won new insurance customers
- Focus on widening the insurance telematics market with leading new commercial propositions

02

## DELIVERING A CUTTING-EDGE SOLUTIONS PORTFOLIO

- Further improve the integrated Optimisation solution, including focus on ease of on-boarding
- Continued development of EV capability
- Continued development of HGV capability
- Maintain existing R&D expenditure, maintaining focus on core areas of expertise

03

## STREAMLINING OUR INTERNAL OPERATIONS

- Continue relentless focus on driving operational improvements
- Reduce costs through better utilisation of hosting and technology
- Internal system improvements to improve operational efficiency of our support activities

## Expect FY22 Revenues to revert to pre Covid levels and be profitable

- Forward guidance provided despite:
  - Some uncertainty remaining over Covid impact
  - Component supply chain challenges
- Continuing to utilise support from the Government furlough scheme
- Agreed VAT and PAYE/ NI payment deferment – repaid over next two financial years
- Loan Capital repayments recommence in September 21



**Trakm8**  
Thank you

**Trakm8 Limited**

Roman Park, Roman Way,  
Coleshill, West Midlands,  
B46 1HG

**Email:** [info@trakm8.com](mailto:info@trakm8.com)

**Call:** +44 (0) 330 333 4120

**Web:** [www.trakm8.com](http://www.trakm8.com)