

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

Half Year Results

Trakm8 Holdings plc (AIM: TRAK), the global telematics and data insight provider, announces its unaudited results for the six months ended 30 September 2020:

Financial Highlights

	6 months to 30 Sept 2020	6 months to 30 Sept 2019	Year to 31 March 2020	Change
	Unaudited	Unaudited	Audited	
	£000	£000	£000	
Revenue	7,321	8,867	19,550	-17%
of which, recurring revenue ¹	4,635	4,885	9,753	-5%
Loss before tax	(845)	(2,197)	(1,705)	-62%
Adjusted loss before tax ²	(314)	(1,583)	(224)	-80%
Loss after tax	(732)	(1,787)	(1,093)	-59%
Cash generated from operations	2,055	1,432	4,115	+44%
Net Debt ³	5,574	6,095	5,643	-9%
Basic (loss)/ earnings per share	(1.46p)	(3.57p)	(2.19p)	-59%
Adjusted basic (loss)/ earnings per share	(0.56p)	(2.53p)	0.28p	-78%

¹ Recurring revenues are generated from ongoing service and maintenance fees

² Before exceptional costs and share based payments

³ Total borrowings less cash excluding IFRS 16 adjustment for leased property and motor vehicles

Operational Overview

- H1 2020 results:
 - Significant reduction in losses despite revenue decline as a result of Covid-19
 - Improving revenues later in the period, following significant drop in April and May upon Covid-19 lockdown
 - Significantly improved gross margins due to lower hardware, labour, communications and installation costs
 - Reduced overheads as a result of efficiency improvements implemented in FY2020, which includes lower payroll costs
 - Improved cash generation from operations due to significant reduction in losses, PAYE & VAT deferrals and strong working capital actions
 - Launch of extended range of self-fit telematics devices
- Continuation of new contract wins and renewals:
 - Optimisation contract awarded by major UK food retailer
 - Strong period of contract renewals in the Fleet business, despite Covid-19 all significant contracts due for renewal in the period have been renewed
 - Installed base increases in Insurance from existing and new customers offset in part by Fleet reductions
 - Approximately 253,000 connections (March 2020: 245,000 connections), an increase of 8,000 connections, a 3% increase in the six month period since last year end
- Stronger H2 and FY2021 outlook:
 - Major automotive customer committed to a further 24,000 units over next 12 months following their European launch
 - Strong level of orders, post period, from existing and new Fleet customers
 - Additional efficiency savings implemented
 - Investment in engineering to deliver additional gross margin improvements over the next 6 months

Outlook

Revenues picked up during the first half with revenues in the second quarter 23% higher than in the first quarter. This improvement continued into October in both Insurance and Fleet, resulting in this being the highest revenue month to date this financial year. The Insurance business benefitted from increasing device shipments to both existing and recently won customers resulting in both September and October 2020 shipments being 50% higher than March 2020. Fleet sales team performance has returned to pre Covid-19 levels, with the total value of orders in the first half 16% up on the first half of the prior year. Orders in October 2020 were 12% up on October 2019.

However due to the second lockdown there is a softening in the market and increased uncertainty that means the Group is still not able to provide guidance for the full financial year at this time. However the Group expects revenue in the second half to be significantly higher than the first half given current orders, even with a reasonable downside scenario taken into account for the ongoing impact of Covid-19.

- Ends -

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About Trakm8

Trakm8 is a UK based technology leader in fleet management, insurance telematics, connected car, and optimisation. Through IP owned technology, the Group analyses data collected by its installed base of telematics units to fine tune the algorithms that are used to produce its solutions; these monitor driver behaviour, identify crash events and monitor vehicle health to provide actionable insights to continuously improve the security and operational efficiency of both company fleets and private drivers.

The Group's product portfolio includes the latest data analytics and reporting portal (Trakm8 Insight), integrated telematics/cameras, self-installed telematics units and one of the widest ranges of installed telematics devices. Trakm8 has over 253,000 connections.

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

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

www.trakm8.com / @Trakm8

Executive Chairman's Statement

Results

I am pleased to report Trakm8's results for the six months ended 30 September 2020.

The first half of the financial year was significantly impacted by the Covid-19 pandemic. In the early months of the period Fleet activity reduced very significantly. Sales of insurance policies reduced dramatically as vehicles were "sorned", driving lessons and tests cancelled. Gradually over the period both Fleet and Insurance demand levels improved. I am pleased that overall we secured new orders some 10% higher than the same six months of last year.

However, overall revenues reduced by 17% in the period to £7.32m (H1 2019: £8.87m). There was a reduction of £0.53m in Insurance and Automotive revenues and a reduction in Fleet and Optimisation revenues of £1.02m.

Total recurring revenues decreased by 5% during the period to £4.63m (H1 2019: £4.89m), as a result of the decline in the connected base in the Fleet market. The reduction in service fees year on year took place in the early months of the period and have since recovered. Recurring revenues represent 63% of Group revenues (H1 2019: 55%). Covid-19 materially increased Fleet attrition during the period and the slow start for new orders meant new deployments were substantially lower than normal, overall reducing connections by 7,000 units since March 2020 to 70,000 (9%).

Despite the large reduction in telematics insurance policies being written across the market, our success in rolling out solutions to a number of additional clients has resulted in device shipments 14% ahead of the same period last year with the month of September being 177% greater than April. As a result, Insurance & Automotive connections increased by 15,000 since March 2020, to 183,000 (9%). We estimate that the impact of Covid-19 has resulted in circa 33,000 connections less than it would have been.

Gross profit margin has increased to 62% (H1 2019: 53%). This is due in part to the higher recurring revenues as a percentage of sales but also due to the vigorous actions taken over the past 24 months to introduce hardware with lower costs, reduce the direct labour costs and to reduce the cost of communications and installations. This trend is expected to continue as further cost improvements are delivered.

Total overhead costs, excluding exceptional costs and share based payments reduced by £1.61m to £4.71m (H1 2019: £6.32m). This is the result of the cost actions taken over the last 12 months along with £0.77m of furloughed staff costs which have been charged to exceptional costs, which have been offset by £0.55m of furlough grant received. In addition to this £1.61m reduction in overheads the level of R&D expenditure capitalised has reduced by £0.27m. Exceptional costs in the period of £0.44m include headcount reduction activity undertaken during the period and costs associated with the impact of Covid-19.

Despite the challenges of Covid-19, I am pleased to report that the Group adjusted loss reduced by 80% to £0.31m (H1 2019: £1.58m). Loss before Tax reduced by 62% to £0.85m (H1 2019: £2.20m). We estimated if it had not been for the significant impact of Covid-19 that we would have been profitable under both profit measures.

Financial position

Net cash inflow from operating activities was £2.06m (H1 2019: £1.43m). During the period the R&D tax claim of £0.86m was offset against agreed PAYE/NI deferments. At the 30 September £1.10m of VAT and PAYE/NI deferments have been agreed, with a repayment schedule that runs into next financial year. The improvement in cash inflow from operating activities is a good result, reflective of the significant reduction in losses and continued strong working capital management, which includes a £0.34m reduction in inventory since last financial year end.

The overall cash outflow for the period was £0.12m, which was an improvement of £0.39m from the prior period. This resulted from the improvement in the cash inflow from operating activities detailed above, and £0.27m reduction in capitalised development costs.

Net debt as at 30 September 2020 excluding the impact of the IFRS16 lease recognition was lower than both September last year and the end of the last financial year at £5.57m (H1 2019: £6.10m) (31 March 2020: £5.64m) including £1.54m of cash (H1 2019: £0.69m). In addition, the Group at 30 September 2020 held an undrawn credit facility of £0.50m at HSBC. Net Debt including IFRS 16 reduced to £7.27m (H1 2019: £8.42m), (31 March 2020: £7.95m).

The revolving credit facility with HSBC of which £4.50m was drawn at 30 September 2020 is due for renewal on 30 September 2021, therefore still had 12 months to run from 30 September 2020. As a result this is now reported within current liabilities on the balance sheet and the reason why they increased from £7.43m to £11.70m. The Group expects to extend this facility before year end.

Strategy

The Group has been following the strategy outlined in the 2020 Annual Report. Our focus is to provide ever more meaningful insights to our customers using the data generated by our installed devices and other connections so that they can run their operations more efficiently and safely.

Our primary strategy going forward is to return to growth of our business through more connections, increased device sales and higher service fees. Due to the high level of new contract wins in the Insurance space the number of connections have increased overall by 5% in the past 12 months and by 3% in past 6 months. The number of devices sold has increased by 11% to 49,000 (H1 2019: 44,000). Increased market share is anticipated following the introduction of additional self-fit devices.

Trakm8 has focused on delivering market leading technology and ensuring that the solutions are generating the best possible ROI's for our customers. We have, for another year, further reduced the levels of expenditure in R&D but believe we have appropriate levels of resource to continue to invest heavily to meet the demands of the market and customers. We will continue to own the majority of IP in our value chain. The technical challenges of the RH600 product experienced in previous years have been resolved and new generations of the product will have significant additional features.

Our third strategy has been to improve the efficiencies of our business in every possible way. We have been extremely successful in delivering the £1.5m reduction on all costs year-on-year promised last year (on top of the £2.0m savings delivered in the previous year). We have continued to focus on this and have implemented a further £0.6m of annualised cost reductions by the end of the period. We will continue to seek efficiencies as we go forward.

JOHN WATKINS

Executive Chairman

Unaudited Consolidated Statement of Comprehensive Income for the six months to 30 September 2020

		Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
	Note			
Revenue	3	7,321	8,867	19,550
Cost of sales		(2,804)	(4,174)	(7,991)
Gross profit		4,517	4,693	11,559
Other income	4	103	213	364
Administrative expenses excluding exceptional costs		(4,800)	(6,435)	(11,926)
Exceptional administrative costs	7	(442)	(501)	(1,296)
Total administrative costs		(5,242)	(6,936)	(13,222)
Operating loss		(622)	(2,030)	(1,299)
Finance income		39	3	12
Finance costs	8	(262)	(170)	(418)
Loss before taxation		(845)	(2,197)	(1,705)
Income tax		113	410	612
Loss for the period		(732)	(1,787)	(1,093)
Other Comprehensive Income				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations		5	1	(7)
Total other comprehensive income		5	1	(7)
Total Comprehensive Loss for the period attributable to owners of the parent	5	(727)	(1,786)	(1,100)
Adjusted operating loss before tax	6	(314)	(1,583)	(224)
Loss before taxation		(845)	(2,197)	(1,705)
Exceptional administrative costs		442	501	1,296
IFRS2 Share based payments charge		89	113	185
Loss per ordinary share (pence) attributable to owners of the Parent				
Basic	9	(1.46)	(3.57)	(2.19)
Diluted	9	(1.46)	(3.57)	(2.19)
Adjusted basic loss per share (pence)	9	(0.56)	(2.53)	0.28
Adjusted diluted loss per share (pence)	9	(0.56)	(2.53)	0.28

The results relate to continuing operations.

Unaudited Consolidated Statement of Changes in Equity for the six months to 30 September 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2019	500	14,691	1,138	203	(4)	5,566	22,094
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,787)	(1,787)
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	1	-	-	1
Total comprehensive income	-	-	-	1	-	(1,787)	(1,786)
Transactions with owners							
IFRS 2 Share-based payments	-	-	-	-	-	113	113
Transactions with owners	-	-	-	-	-	113	113
Balance as at 30 Sept 2019	500	14,691	1,138	204	(4)	3,892	20,421
Comprehensive income							
Loss for the period	-	-	-	-	-	694	694
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	(8)	-	-	(8)
Total comprehensive income	-	-	-	(8)	-	694	686
Transactions with owners							
IFRS2 Share-based payments	-	-	-	-	-	72	72
Transactions with owners	-	-	-	-	-	72	72
Balance as at 31 March 2020	500	14,691	1,138	196	(4)	4,658	21,179
Comprehensive income							
Loss for the period	-	-	-	-	-	(732)	(732)
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	5	-	-	5
Total comprehensive income	-	-	-	5	-	(732)	(727)
Transactions with owners							
IFRS2 Share based payments	-	-	-	-	-	89	89
Transactions with owners	-	-	-	-	-	89	89
Balance as at 30 Sept 2020	500	14,691	1,138	201	(4)	4,015	20,541

Unaudited Consolidated Statement of Financial Position as at 30 September 2020

		As at 30 September 2020 Unaudited £'000	As at 30 September 2019 Unaudited £'000	As at 31 March 2020 Audited £'000
	Note			
Non-current assets				
Intangible assets	10	22,230	21,337	21,997
Plant, property and equipment		831	716	717
Right of use assets	14	2,838	3,073	3,004
Deferred income tax asset		-	39	-
Amounts receivable under finance leases		65	65	41
		25,964	25,230	25,759
Current assets				
Inventories		1,701	2,119	2,043
Trade and other receivables		7,171	6,710	7,854
Corporation tax receivable		317	1,320	863
Cash and cash equivalents		1,541	692	1,665
		10,730	10,841	12,425
Current liabilities				
Trade and other payables		(5,574)	(5,750)	(6,180)
Borrowings	11	(5,417)	(1,013)	(1,125)
Right of use liability	14	(679)	(639)	(656)
Provisions		(26)	(26)	(27)
		(11,696)	(7,428)	(7,988)
Current assets less current liabilities				
		(966)	3,413	4,437
Total assets less current liabilities		24,998	28,643	30,196
Non-current liabilities				
Trade and other payables		(593)	(630)	(713)
Borrowings	11	(1,231)	(5,198)	(5,675)
Right of use liability	14	(1,941)	(2,257)	(2,162)
Provisions		(179)	(137)	(157)
Deferred income tax liability		(513)	-	(310)
		(4,457)	(8,222)	(9,017)
Net assets				
		20,541	20,421	21,179
Equity				
Share capital	12	500	500	500
Share premium		14,691	14,691	14,691
Merger reserve		1,138	1,138	1,138
Translation reserve		201	204	196
Treasury reserve		(4)	(4)	(4)
Retained earnings		4,015	3,892	4,658
Total equity attributable to owners of the parent		20,541	20,421	21,179

Unaudited Consolidated Cash Flow Statement for the six months to 30 September 2020

		Six months to 30 September 2020	Six months to 30 September 2019	Year to 31 March 2020
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Net cash generated from operating activities	13	2,055	1,432	4,115
Cash flows from investing activities				
Purchases of property, plant and equipment		(183)	-	(20)
Purchases of software		(24)	(1)	(23)
Capitalised Development costs		(1,220)	(1,488)	(3,156)
Net cash used in investing activities		(1,427)	(1,489)	(3,199)
Cash flows from financing activities				
New bank loan		-	500	2,000
Repayment of bank loans		(171)	(505)	(1,440)
Repayment of obligations under lease agreements		(344)	(281)	(630)
Interest paid		(237)	(170)	(386)
Net cash generated from financing activities		(752)	(456)	(456)
Net (decrease)/ increase in cash and cash equivalents		(124)	(513)	460
Cash and cash equivalents at beginning of period		1,665	1,205	1,205
Cash and cash equivalents at end of period		1,541	692	1,665

Notes To The Unaudited Consolidated Financial Statements

1. Basis of preparation

The Group's interim results for the 6 months to 30 September 2020 (prior period 30 September 2019) were approved by the Board of Directors on 20 November 2020.

As permitted this Interim Report has been prepared in accordance with UK AIM Rules for Companies and not in accordance with IAS 34 "Interim Financial Reporting" and therefore is not fully in compliance with IFRS.

Trakm8 Holdings PLC ("Trakm8") is a public limited company incorporated in the United Kingdom under the Companies Act 2006. Trakm8 is domiciled in the United Kingdom and its ordinary shares are traded on AIM, the market operated by the London Stock Exchange plc.

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's annual financial statements for the year ended 31 March 2020. The Group adopted IFRS16 on a modified retrospective basis, this is disclosed in note 14. The financial statements have been prepared on the historical cost basis except for certain liabilities and share based payment liabilities which are measured at fair value.

The interim financial statements have not been audited or reviewed by Group's auditors pursuant to the Auditing Practice Board guidance on 'Review of Interim Financial Information' and do not include all of the information required for full annual financial statements.

The financial information contained in this report is condensed and does not constitute statutory accounts of the Group within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2020 have been delivered to the Registrar of Companies. The audit report of those accounts was unqualified, but did include an emphasis of matter due to the financial uncertainty created within the economy by the Coronavirus pandemic resulting in increased difficulty in forecasting future results for the Group. The audit report did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

Going concern

The consolidated interim financial statements are prepared on a going concern basis. The directors report that, having reviewed current performance and projections of its working capital and long term funding requirements, including assessments against the covenants agreed with our bank and downward sensitivity analysis, they are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

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 7 for further details.

2. Risks and uncertainties

The Board has considered the principal risks and uncertainties for the second half of the financial year and determined that the risk presented in the 31 March 2020 Annual Report, described as follows, also remain relevant to the rest of the financial year: Significant operational system failure; Cyber-attack and data security; Brexit and a deteriorating economic climate; Operating in a fast-moving technology industry where we will always be at risk from new products; Adverse mobile network changes; Attracting and maintaining high-quality employees; Access to long term and working capital; Electronic supply chain under constraint and Covid-19 impacting internal and operational capacity and significant economic impact. These are detailed on pages 20 to 22 of the 2020 Annual Report, a copy of which is available on the Group's website at www.trakm8.com.

Notes To The Unaudited Consolidated Financial Statements

3. 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 revenue within these streams are as follows:

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Solutions:	7,321	8,867	19,550
Fleet and optimisation	4,419	5,435	12,034
Insurance and automotive	2,902	3,432	7,516

4. Other income

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Grant income	103	213	361
R&D tax credit	-	-	4
R&D tax credit adjustment in respect of prior periods	-	-	(1)
	103	213	364

5. Loss per ordinary share attributable to the owners of the parent

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Loss attributable to the owners of the parent	(727)	(1,786)	(1,100)

Notes To The Unaudited Consolidated Financial Statements

6. Adjusted loss before tax

Adjusted Loss Before Tax is monitored by the Board and measured as follows:

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Loss Before Tax	(845)	(2,197)	(1,705)
Exceptional administrative costs	442	501	1,296
Share based payments	89	113	185
Adjusted loss before tax	(314)	(1,583)	(224)

7. Exceptional costs

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Acquisition costs	-	41	52
Integration and restructuring costs	97	227	602
Covid-19 costs	891	-	200
Furlough grant income	(546)	-	-
New product component refit costs	-	233	442
	442	501	1,296

The integration and restructuring costs in the current year relate to an ongoing project to streamline and rationalise the operations of the business.

The Group has also incurred exceptional costs in the current financial year relating to the Covid-19 pandemic. These costs relate to a variety of overheads including employee costs, cancelled marketing events and bad debts resulting from Covid-19.

Furlough grant income relates to other income received from the Coronavirus Job Retention Scheme for employees furloughed as a result of Covid-19.

Detailed explanation of prior year exceptional costs are detailed on page 64 of the 2020 Annual Report, a copy of which is available on the Group's website at www.trakm8.com.

Notes To The Unaudited Consolidated Financial Statements

8. Finance costs

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Interest on bank loans	191	106	284
Amortisation of debts issue costs	21	14	32
Interest on Hire Purchase and similar agreements	50	50	102
	262	170	418

9. Earnings Per Ordinary Share

The earnings per Ordinary share have been calculated in accordance with IAS 33 using the profit for the period and the weighted average number of Ordinary shares in issue during the period as follow:

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Loss the year after taxation	(732)	(1,787)	(1,093)
Exceptional administrative costs	442	501	1,296
Share based payments	89	113	185
Tax effect of adjustments	(84)	(95)	(246)
Adjusted (loss)/profit after taxation	(285)	(1,268)	142
	No. '000	No. '000	No. '000
Number of Ordinary shares of 1p each	50,004	50,004	50,004
Basic weighted average number of Ordinary shares of 1p each	50,004	50,004	50,004
Diluted weighted average number of Ordinary shares of 1p each	50,004	50,004	50,004
Basic loss per share	(1.46p)	(3.57p)	(2.19p)
Diluted loss per share	(1.46p)	(3.57p)	(2.19p)
Adjust for effects of:			
Exceptional costs	0.72p	0.81p	2.10p
Share based payments	0.18p	0.23p	0.37p
Adjusted basic (loss)/earnings per share	(0.56p)	(2.53p)	0.28p
Adjusted diluted (loss)/earnings per share	(0.56p)	(2.53p)	0.28p

Notes To The Unaudited Consolidated Financial Statements

10. Intangible Assets

	Goodwill	Intellectual property	Customer Relationships	Development costs	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 31 March 2019	10,417	1,920	100	14,034	2,033	28,504
Additions - Internal development	-	-	-	1,378	-	1,378
Additions - External purchases	-	-	-	110	23	133
Reclassification of right of use assets					(153)	(153)
As at 30 September 2019	10,417	1,920	100	15,522	1,903	29,862
Additions - Internal development	-	-	-	1,385	-	1,385
Additions - External purchases	-	-	-	283	-	283
As at 31 March 2020	10,417	1,920	100	17,190	1,903	31,530
Additions - Internal development	-	-	-	1,200	-	1,200
Additions - External purchases	-	-	-	20	24	44
As at 30 September 2020	10,417	1,920	100	18,410	1,927	32,774
Amortisation						
As at 31 March 2019	-	1,849	89	4,632	769	7,339
Charge for period	-	30	11	1,007	138	1,186
As at 30 September 2019	-	1,879	100	5,639	907	8,525
Charge for period	-	31	-	840	137	1,008
As at 31 March 2020	-	1,910	100	6,479	1,044	9,533
Charge for period	-	10	-	867	134	1,011
As at 30 September 2020	-	1,920	100	7,346	1,178	10,544
Net book amount						
As at 30 September 2020	10,417	-	-	11,064	749	22,230
As at 31 March 2020	10,417	10	-	10,711	859	21,997
As at 30 September 2019	10,417	41	-	9,883	996	21,337
As at 31 March 2019	10,417	71	11	9,402	1,264	21,165

Notes To The Unaudited Consolidated Financial Statements

11. Borrowings

	As at 30 September 2020		As at 30 September 2019		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowings	5,417	1,231	1,013	5,198	1,125	5,675
Right of use liability	679	1,941	639	2,257	656	2,162
Totals	6,096	3,172	1,652	7,455	1,781	7,837

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

Borrowings comprise of the following loans:

A £5.0m 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 monthly instalments until 2021 and bears interest at a floating rate of 1.95% over base rate. As at 30 September 2020 the Group owed £0.7m (30 Sept 2019: £1.4m, 31 Mar 2020: £0.9m).

A £5.0m revolving credit facility with HSBC which is repayable in full on 30 September 2021. The loan bears an interest rate of 4.5% over LIBOR on the drawn amount and a fee of 0.8% on the undrawn facility. As at 30 September 2020 the Group had drawn down £4.5m of this credit facility (30 Sept 2019: £4.9m, 31 Mar 2020: £4.5m).

£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 13 quarterly instalments commencing on 30 June 2021. As at 30 September 2020 the Group owed £1.5m (30 Sept 2019: £nil, 31 Mar 2020: £1.5m).

The Group's obligations under right of use assets are secured by the lessors' title to the leased assets (see note 14).

12. Share Capital

	As at 30 September 2020		As at 30 September 2019		As at 31 March 2020	
	No's 000's	£'000	No's 000's	£'000	No's 000's	£'000
Authorised:						
Ordinary shares of 1p each	200,000	200,000	200,000	200,000	200,000	200,000
Allotted, issued and fully paid:						
Ordinary shares of 1p each	50,004	500	50,004	500	50,004	500
Movement in share capital:						£'000
As at 1 April 2019						500
As at 30 September 2019						500
As at 31 March 2020						500
As at 30 September 2020						500

The Company currently holds 29,000 Ordinary shares in treasury representing 0.06% (2018: 0.08%) 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.

Notes To The Unaudited Consolidated Financial Statements

13. Cash Generated from Operations

	Six months to 30 September 2020 Unaudited £'000	Six months to 30 September 2019 Unaudited £'000	Year to 31 March 2020 Audited £'000
Net loss before taxation	(845)	(2,197)	(1,705)
Depreciation	380	334	699
Amortisation of intangible assets	1,011	1,186	2,194
Exchange movements	-	-	(7)
Interest received	(39)	(3)	-
Bank and other interest charges	262	170	406
Share based payments	89	113	185
Operating cash flows before movement in working capital	858	(397)	1,772
Movement in inventories	342	617	693
Movement in trade and other receivables	659	1,750	589
Movement in trade and other payables	(726)	(573)	(21)
Movement in provisions	21	21	42
Cash generated from operations	1,154	1,418	3,075
Interest received	39	3	12
Income taxes received	862	11	1,028
Net cash inflow from operating activities	2,055	1,432	4,115

Notes To The Unaudited Consolidated Financial Statements

14. IFRS 16 Leases

This note explains the impact of the adoption of IFRS16 Leases which the Group adopted with effect from 1 April 2019 on the group's financial statements. The Group principally leases real estate and vehicles. Leases are recognised as a right of use asset with a corresponding liability recorded at the date at which the leased asset is available for use by the Group.

The movements in right of use assets were as follows:

	Freehold property £'000	Furniture, fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
As at 1 April 2019	2,098	-	-	412	-	2,510
Reclassification*	-	446	140	-	153	739
Lease additions	-	63	35	-	-	98
Lease terminated	-	-	-	(13)	-	(13)
Depreciation of right of use assets	(132)	(24)	(31)	(74)	-	(261)
As at 30 September 2019	1,966	485	144	325	153	3,073
Lease additions	-	-	-	244	-	244
Lease terminated	-	-	-	(24)	-	(24)
Depreciation of right of use assets	(132)	(25)	(31)	(101)	-	(289)
As at 31 March 2020	1,834	460	113	444	153	3,004
Lease additions	-	-	76	79	-	155
Lease terminated	-	-	-	(10)	-	(10)
Depreciation of right of use assets	(132)	(46)	(16)	(117)	-	(311)
As at 30 September 2020	1,702	414	173	396	153	2,838

*Amounts previously recognised as finance lease assets have been reclassified to right of use assets upon transition to IFRS 16 on 1 April 2019.

Lease liabilities by category at 30 September 2020 were as follows:

	Freehold property £'000	Furniture, fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Current	272	117	15	204	71	679
Non-current	1482	166	44	196	53	1941
Total	1,754	283	59	400	124	2,620

The maturity of lease liabilities at 30 September 2020 were as follows:

	Freehold property £'000	Furniture, fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Within 1 year	272	117	15	204	71	679
1 to 2 years	297	91	15	147	46	596
2 to 5 years	805	75	29	49	7	965
More than 5 years	380	-	-	-	-	380
Total	1,754	283	59	400	124	2,620

Notes To The Unaudited Consolidated Financial Statements

15. Further Copies

This statement, full text of the Stock Exchange announcement and the results presentation can be found on the Group's website www.trakm8.com and also from the registered office of Trakm8 Holdings PLC. The address of the registered office is: Roman Way, Roman Park, Coleshill, North Warwickshire, B46 1HG.