

Shareholder Q&A – AGM 17 September 2020

1. Why hasn't debt and cash generation fluctuated, in ways one might expect following the £1.4m growth loan?

A: The growth loan in itself does not change net debt, as the additional cash is offset by the additional loan.

2. What are the underlying bases for the growth loan, which in today's market appears expensive at a rate of 8%?

A: The Growth Loan was to address a working capital requirement that was anticipated prior to Covid-19 when 2020/21 was expected to be a year of very strong growth following good fleet growth in 2019/20 and the large number of new insurance customers on-boarding.

3. With the 1-year payment holiday (which one assumes will accrue additional interest charges), what plans do the board have to reduce debt?

A: The repayment holiday is for capital only and the interest is being paid, so this in itself is not increasing the debt. The Board expects that as the business returns to growth with a much lower cost base the Company will be profitable and cash generative which will enable the Company to reduce debt.

4. What are your plans for the new factory, which appears to be sitting idle?

A: We remain hopeful that growth in our insurance business will create sufficient demand to require the use of the new factory. Not in this financial year but probably next. However this facility is providing additional necessary office space for our employees in a Covid-19 secure manner.

5. Is the production of 1 million devices per annum still a realistic aspiration?

A: Our ambition is to have 1 million connections for our solutions, not produce 1 million devices per annum. Although, we have not met our 1 million connections ambition within the timeline we had hoped for, the objective remains.

6. If you believe you can still meet the 1 million device production target, how and when do expect this to be achieved?

A: See answer to question 5, but in principle the range of insurance customers we now have and the potential that remains within the roadside assistance space does give us the opportunity to meet this ambition.

7. Are there any issues with the reliability of the product (which product do you mean? Would be good to be specific here and perhaps provide some specific examples of complaints).

A: We have been clear that the first generation RH600 was not as reliable as we had expected and considerable redevelopment and field replacement activity was required. These challenges are now behind us. The solutions were in changing the communication carrier selection along with significant changes in the device operating system and firmware. In particular we have worked closely with two of our major customers both to improve the reliability and to enhance the product.

8. In July 2019, Trakm8 hailed its expansion into Ireland. How, if at all, has Brexit affect your plans for expanding Trakm8's European footprint - in Ireland and more broadly?

A: We do not expect Brexit in itself to impact any of our expansion plans. Any delays in rolling out to new markets is more likely to be due to the economic climate post Covid-19

9. Does Trakm8 adopt a Loss Leader marketing/sales strategy?

A: No, Trakm8 prices all business to be profitable.

10. Do you see any potential benefits in taking the company private? (e.g. better access to finance, less compliance/governance costs, easier to sell the company, when the time comes).

A: The Board has no plans to take the Company private at this time

11. When Microlise made its 'strategic investment' in Trakm8, back in 2018, both companies suggested they would "explore exciting opportunities to collaborate". Almost 2 years on, what progress has been made on this front?

A: Trakm8 and Microlise are competitors in some aspects and so have maintained their independence to a great extent. We have collaborated on some purchasing activity and we have shared opportunities if one or other of us is not well placed to secure new business. We have exchanged some technology to improve the solutions for both companies.

12. What proactive measures are the BOD taking to restore and maintain shareholder confidence?

A: We are committed to be as fully engaged and open with shareholders as possible. Fundamentally, confidence will only be fully restored once the Company has demonstrated consistent improvements in financial performance, which we are beginning to see, notwithstanding the Covid-19 situation and we look forward to maintaining our momentum which in turn will lead to further growth and profitability in the medium term

13. Given the impetus to strike a UK-US trade deal post-Brexit, is Trakm8 looking to any US firms for a potential partnership agreement?

A: Currently no. The USA is an expensive market to invest in with significant up front product, sales and marketing expense. We have chosen to concentrate our international business development closer to home.

14. Do you expect to receive revenues from any patents in the next 24 months?

A: Not directly. Our patented technologies are built into our solutions to generate service income. The patents give us some level of protection from competitors.

15. How is current trading being impacted by Covid-19?

A: Please see AGM Chairman's statement released on the 17th September 2020, where a full update was provided.

16. Can you please provide details on current cash position and amount of deferred tax payments?

A: Please see AGM Chairman's statement released on the 17th September 2020, where a full update was provided.