

Corporate

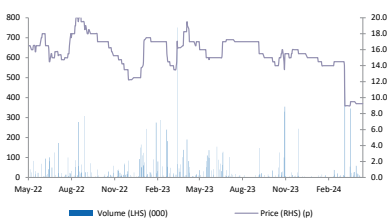
Current price **9.25p**

Sector **TMT**

Code **TRAK.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
TRAK.L	+2.8	-36.2	-45.6

Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **4.6**

Shares in issue (m) **50.0**

52 weeks (p) High Low
17.2 9.0

Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Microlise 20.0%

J Watkins (CEO) 15.6%

Edric Property & Invest. Co. 7.7%

J Hedges 4.6%

T Cowley 4.5%

Source: Company Data, Allenby Capital

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Trakm8 Holdings plc (TRAK.L)

Insurance capacity starts to return

Trakm8 Holdings plc (TRAK.L), the global telematics and data insight provider, recently announced (03.04.24) a trading update, IP purchase, contract extension and issue of convertible loan notes (CLNs). Most important, management confirmed that insurance capacity has now been restored to its largest insurance customer. As a result, shipments into the insurance sector should recover this month. The loss of insurance capacity resulted in a substantial drop in the number of connections, both renewals and new connections. The IP acquisition from Freedom Services Group will complement Trakm8's existing risk management and driver profiling capabilities. Meanwhile Trakm8 has agreed a supply contract extension with Freedom for the supply of $\geq 90\%$ of its on-board diagnostics (OBD), 12V devices and related services. Finally, Trakm8 has issued a further £990k in CLNs to fund the IP acquisition and expected growth in working capital and brought other CLNs into line. Forecasts adjusted to reflect these changes.

- Financial update:** Following March's update, management confirmed that FY24 (March) operational cash flow is expected to be £5.4m (FY23: £4.3m), cash on hand is £1.4m (FY23: £1.1m), net debt of £4.9m (FY23: £5.6m) plus an unutilised overdraft facility of £0.5m.
- Insurance capacity:** TRAK confirmed that insurance capacity has now been restored to its largest customer and it anticipates that device shipments will start to recover in April. The lack of insurance capacity and the very large increase in the cost of insurance has led to a substantial drop in connections, both renewals and new. At H1 FY24, TRAK's connections (insurance and fleet) were $>324k$ and by FY24, this was $>275k$. The return of capacity has been slower than expected – in September, management had expected 350k by end FY24 – and the recovery rate of capacity remains a risk to FY25 forecasts.
- Freedom:** Trakm8 has purchased IP from Action 365 Ltd, part of Freedom Services Group, for £0.5m that will complement TRAK's existing risk management and driver profiling capabilities, including accident detection. This increases the breadth of service that TRAK can offer. TRAK has also agreed a four-year supply contract extension with Freedom whereby it has committed to purchasing $\geq 90\%$ of its on-board diagnostics (OBD), 12V devices and related services from TRAK, increasing revenue visibility.
- Funding update:** TRAK has extended its £5.3m HSBC term loan for a further 12 months to July 2025 with capital repayments commencing in October. At FY24, the outstanding balance was £3.5m. TRAK has also issued £990k of 18% Convertible Unsecured Loan Notes, repayable September 2025 and convertible at 8.1p, a 10% discount, to existing and new investors. The terms of the existing 2022 CLNs (£1.6m) have been brought into line.

Year End: 31 March

(£'000)	2023	2024E Old	2024E New	2025E Old	2025E New
REVENUE	20,197	16,387	16,387	22,035	22,035
ADJ. EBITDA	3,991	2,976	2,976	6,210	6,210
ADJ. PBT	306	(1,389)	(1,389)	1,810	1,590
ADJ. EPS (p)	0.9	(1.9)	(1.9)	4.5	4.1
GROSS CASH	1,119	389	1,388	1,045	1,700
NET CASH/(DEBT)*	(5,618)	(5,774)	(4,946)	(3,862)	(4,710)
EV/REVENUE (x)	0.5		0.6		0.4
EV/EBITDA (x)	2.6		3.2		1.5

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Broker to Trakm8 Holdings plc (TRAK.L).

* includes CLN but excludes IFRS 16 balances.

Equity Research

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