microlise

Admission Document

19 July 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by, or filed with, the FCA or any other competent authority. The Ordinary Shares will not be admitted to the Official List or to any recognised investment exchange apart from AIM and no such other applications have been or are intended to be made.

Application has been made for the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 22 July 2021. The Placing Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List maintained by the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors (whose names, addresses and functions appear on page 8 of this document) and the Company (whose registered office appears on page 8 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

Microlise Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11553192)

Placing of 13,777,778 new Ordinary Shares and 31,521,540 existing Ordinary Shares at 135 pence per share

and

Admission to trading on AIM

Nominated Adviser, Broker and Sole Bookrunner

Singer Capital Markets

Share capital immediately following Admission	*Issued and fully paid*	
	Amount	*Number*
Ordinary shares of £0.001 each	£115,945.96	115,945,956

Singer Capital Markets Advisory LLP (the "**Nomad**") and Singer Capital Markets Securities Limited ("**Singer**"), which are authorised and regulated in the United Kingdom by the FCA, are acting as nominated adviser, broker and sole bookrunner (as appropriate) to the Company in connection with the proposed Placing, and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Singer or the Nomad or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. The Nomad's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Singer or the Nomad by the FSMA or the regulatory regime established thereunder, Singer and the Nomad do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Each of the Nomad and Singer accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.microlise.com.

IMPORTANT INFORMATION

This document should be read in its entirety before making any decision to subscribe for or purchase Ordinary Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Nomad, Singer or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any acquisition of Ordinary Shares made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, the Nomad, Singer or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan or Hong Kong nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been and will not be registered under the US Securities Act nor under the applicable securities laws of any state of the United States or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa, Japan or Hong Kong. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan or Hong Kong or to any resident of the United States, Canada, Australia, New Zealand, the Republic of South Africa, Hong Kong or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or any other person, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person, regarding the Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document, and any supplement thereto, will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Singer or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA-authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Singer or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Singer.

Notice to prospective investors in the United Kingdom

No Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in the United Kingdom prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the FCA, or in accordance with the Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 23 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the Prospectus Regulation and/or EU Prospectus Regulation.

None of the Company, the Nomad or Singer has authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company, the Nomad or Singer to publish a prospectus or a supplemental prospectus in the United Kingdom in respect of such offer.

For the purposes of this provision, the expression "an offer to the public" in relation to any offer of Ordinary Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, and the expression "Prospectus Regulation" means the Regulation (EU) 2017/1129 as applied in the United Kingdom under the European Union (Withdrawal) Act 2018 (as amended).

In addition, this document is being distributed in the United Kingdom where it is directed only at (i) persons having professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); and/or (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

Notice to prospective investors in the EEA

In relation to each member state of the European Economic Area ("**EEA**") (each a "**Member State**"), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or in accordance with the EU Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the EU Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such Member State; or

(3) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 23 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the EU Prospectus Regulation.

None of the Company, the Nomad or Singer has authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company, the Nomad or Singer to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression "an offer to the public" in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Overseas Shareholders

This document does not constitute an offer to sell, or a solicitation to buy, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the applicable securities laws of any State of the United States or under the securities laws of Australia, Canada, Hong Kong, Japan, New Zealand, or the Republic of South Africa, or any state, province or territory thereof or any other jurisdiction outside the United Kingdom. Accordingly, the Ordinary Shares may not be taken up, offered, sold, resold, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any State or other jurisdiction of the United States. None of the Ordinary Shares may be taken up, offered, sold, resold, delivered or distributed, directly or indirectly, within, to or from the United States, Australia, Canada, Hong Kong, Japan, New Zealand, or the Republic of South Africa or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, such jurisdictions except pursuant to an applicable exemption.

Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

No Prospectus

This document is not a Prospectus for the purposes of the Prospectus Regulation. This document has been prepared on the basis that all offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a Prospectus. Accordingly, any person making or intending to make any offer within the United Kingdom of Placing Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company or the Nomad to produce a Prospectus for such offer. Neither the Company, the Nomad nor Singer have authorised, nor will any of them authorise, the making of any offer of the Placing Shares through any financial intermediary, other than offers made by Singer which constitute the final placing of the Placing Shares contemplated in this document.

Forward looking statements

Certain statements in this document are or may constitute "forward looking statements", including statements about current beliefs and expectations. In particular, the words "expect", "anticipate", "estimate", "may", "should", "could", "plans", "intends", "will", "believe" and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. They appear in a number of places throughout this document and include, but are not limited to, statements regarding intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this document. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in the Group's business strategy, political and economic uncertainty and other factors discussed in Part I and Part II of this document.

Any forward-looking statements in this document reflect current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations and growth strategy. Investors should specifically consider the factors identified in this document which could cause results to differ before making an investment decision. Subject to the requirements of applicable law or regulation, the Group undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

The consolidated financial information of:

a. Microlise Holdings Limited and its subsidiaries for the two financial accounting periods ended 30 June 2018 and 30 June 2019 which is set out in Part III of this document; and

b. Microlise Group Holdings Limited (now re-registered as Microlise Group plc) and its subsidiaries for the two financial accounting periods ended 30 June 2019 and 30 June 2020 which is set out in Part III of this document and unaudited interim accounts for Microlise Group Holdings Limited (now re-registered as Microlise Group plc) and its subsidiaries for the six months ended 31 December 2020 which is set out in Part IV of this document

have been prepared in accordance with IFRS.

Certain non-financial measures such as EBITDA and EBITDAR have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group's performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or other measures of performance under IFRS. In addition, the Company's calculation of EBITDA and EBITDAR may be different from the calculation used by other companies and therefore comparability may be limited.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute managements' estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources as described in the footnotes to such information. All third-party information set out in this document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified by the Company, the Nomad or Singer and the Company, the Nomad, Singer or the Directors accept no responsibility for its accuracy or completeness.

The Company has obtained market and industry data from industry studies, forecasts, reports, surveys and other publications.

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof. Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

CONTENTS

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Jonathan Michael Lee *(Non-Executive Chairman)* Nadeem Raza *(Chief Executive Officer)* William Wynn *(Chief Financial Officer)* Constantino Rocos *(Independent Non-Executive Director)* All of whose business address is at the Company's registered and head office
Registered and Head Office	Farrington Way Eastwood Nottingham NG16 3AG
Company website	www.microlise.com
Company Secretary	Nicholas Wightman
Nominated Adviser	Singer Capital Markets Advisory LLP One Bartholomew Lane London EC2N 2AX
Broker and sole bookrunner	Singer Capital Markets Securities Limited One Bartholomew Lane London EC2N 2AX
Legal advisers to the Company	DWF Law LLP One Snowhill Snow Hill Queensway Birmingham B4 6GA
Legal advisers to Singer	Stephenson Harwood LLP Finsbury Circus London EC2M 7SH
Auditor and reporting accountant	BDO LLP Two Snowhill Birmingham B4 6GA
Financial public relations advisers	SEC Newgate (UK) Skylight City Tower 50 Basinghall Street London EC2V 5DE
Registrars	Link Group Central Square 10th Floor 29 Wellington Street Leeds LS1 4DL

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"**Act**"	the Companies Act 2006 (as amended)
"**Admission**"	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"**AIM**"	AIM, a market operated by the London Stock Exchange
"**AIM Rules for Companies**"	the AIM rules for companies published by the London Stock Exchange from time to time
"**AIM Rules for Nominated Advisers**"	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
"**Articles**"	the articles of association of the Company
"**Board**" or "**Directors**"	the directors of the Company, whose names are set out on page 8 of this document, or any duly authorised committee thereof
"**City Code**"	the City Code on Takeovers and Mergers published by the Panel from time to time
"**Company**" or "**Microlise**"	Microlise Group plc, a public limited company incorporated under the laws of England and Wales
"**Concert Party**"	together those shareholders in the Company deemed to be acting in concert in accordance with the City Code, further details of which can be found in paragraph 6.2 of Part V
"**CREST**"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
"**DTRs**"	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
"**Enlarged Share Capital**"	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Shares
"**EU**"	the European Union
"**EU Prospectus Regulation**"	Regulation (EU) 2017/1129
"**Euroclear**"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
"**EUWA**"	European Union (Withdrawal) Act 2018, as amended
"**Executive Directors**"	each of Nadeem Raza and William Wynn;
"**Existing Ordinary Shares**"	the 102,168,178 Ordinary Shares in issue at the date of this document

"**FCA**"	the Financial Conduct Authority
"**FSMA**"	the Financial Services and Markets Act 2000 (as amended)
"**Group**"	the Company and its subsidiary undertakings and "Group Company" should be interpreted accordingly
"**Historical Financial Information**"	the audited historical financial information of Microlise Holdings Limited for the years ended 30 June 2018 and 30 June 2019 and the Company for the nine months ended 30 June 2019 and the year ended 30 June 2020, as set out in Part III of this document
"**HMRC**"	Her Majesty's Revenue and Customs
"**IFRS**"	International Financial Reporting Standards as adopted by the European Union
"**Lock-in Agreements**"	means the lock-in agreements between the Company, Singer and each of the Locked-in Shareholders, summary details of which are set out in paragraph 14.8 of Part V of this document
"**Locked-in Shareholders**"	each of the Directors and certain other Shareholders who have entered into a Lock-in Agreement, details of which are set out in paragraph 14.8 of Part V of this document
"**London Stock Exchange**"	London Stock Exchange plc
"**Singer**"	together, Singer Capital Markets Advisory LLP and Singer Capital Markets Securities Limited, the Company's nominated adviser, broker and sole bookrunner
"**New Facility Agreement**"	a £20 million revolving facility dated 16 July 2021 between certain members of the Group and HSBC UK Bank plc, further details of which are set out in paragraph 14.1 of Part V of this document
"**New Placing**"	means the conditional placing of the New Shares by Singer pursuant to the Placing Agreement
"**New Shares**"	means the 13,777,778 new Ordinary Shares proposed to be issued by the Company to Placees pursuant to the New Placing
"**Non-Executive Directors**"	each of Jonathan Lee and Constantino Rocos
"**Official List**"	the Official List of the FCA
"**Ordinary Shares**"	ordinary shares of £0.001 each in the capital of the Company
"**Panel**"	the Panel on Takeovers and Mergers
"**Performance Share Plan**"	means the performance share plan of the Company, summary details of which are set out in paragraph 13 of Part V of this document
"**Placees**"	the subscribers for New Shares pursuant to the New Placing and purchasers of Sale Shares pursuant to the Vendor Placing
"**Placing**"	means the conditional placing of the Placing Shares by Singer at the Placing Price pursuant to the Placing Agreement and the Selling Shareholder Agreement

"**Placing Agreement**"	the conditional agreement dated on or around the date of this document and made between the (1) Company (2) the Nomad (3) Singer and (4) the Directors relating to the New Placing, further details of which are set out in paragraph 14.3 of Part V of this document
"**Placing Price**"	135 pence per Placing Share
"**Placing Shares**"	means, together the Sale Shares and the New Shares
"**Prospectus Regulation**"	the EU Prospectus Regulation as it forms part of English law by virtue of EUWA, as amended
"**Prospectus Regulation Rules**"	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time
"**QCA Code**"	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
"**Sale Shares**"	the 31,521,540 Ordinary Shares (being part of the Existing Ordinary Shares) to be sold by the Selling Shareholders pursuant to the Vendor Placing
"**Selling Shareholder Agreement**"	the conditional agreement dated on or around the date of this document and made between the (1) Company (2) the Nomad (3) Singer and (4) the Selling Shareholders relating to the Vendor Placing, further details of which are set out in paragraph 14.4 of Part V of this document
"**Selling Shareholders**"	the persons listed in paragraph 7.7 of Part V of this document
"**Shareholder**"	a holder of Ordinary Shares
"**TruTac**"	Trutac Limited, a company registered in England and Wales with company number 02521511
"**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**UK MAR**"	the Market Abuse Regulation (EU) 596/2014 as retained in UK law pursuant, inter alia, to EUWA and the Market Abuse (Amendment) (EU Exit) Regulations 2019 (as amended)
"**Unaudited Interim Financial Information**"	the unaudited interim financial information of the Company for the six months ended 31 December 2020 as set out in Part IV of this document
"**uncertificated**" or "**in uncertificated form**"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"**US Securities Act**"	United States Securities Act of 1993 (as amended)
"**Vendor Placing**"	the conditional placing of the Sale Shares by Singer as agents for the Selling Shareholders, at the Placing Price pursuant to the Selling Shareholder Agreement

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

CAGR	compound annual growth rate
CO_2	carbon dioxide
Contextual Speeding	solution that assists fleet managers and operators to monitor speeding within their fleet
DVSA Earned Recognition	Driver and Vehicle Standards Agency (DVSA) earned recognition scheme
EBITDA	earnings before interest, tax, depreciation and amortization
EBITDAR	earnings before interest, tax, depreciation, amortization, research and development
ETA	estimated time of arrival
FY18	Microlise Holdings Limited's financial reporting period for the 12 months ended 30 June 2018
FY19	Microlise Holdings Limited's financial reporting period for the 12 months ended 30 June 2019
FY20	Microlise Group Holdings Limited's (now re-registered as Microlise Group plc) financial reporting period for the 12 months ended 30 June 2020
GHG	greenhouse gas
GSM	the Global System for Mobile Communications, a standard developed by the European Telecommunications Standards Institute to describe the protocols for second-generation digital cellular networks used by mobile devices such as mobile phones and tablets
HGV	heavy goods vehicle
ISO 27001 certification	the international standard that details the specifications for implementing an information security management system (ISMS)
KPI	key performance indicator
LCV	light commercial vehicle
M&A	mergers and acquisitions
MBO	management buyout
DriveTab	driver management and communication tablet developed and sold by the Group
Non-recurring revenue	supply of hardware and installation; and professional services including project management as set out in Part III, Section B, Part I
OEM	original equipment manufacturer

PDI	pre-delivery inspection
PSV	public service vehicle
recurring revenue	managed service agreement income; and other support and maintenance services as set out in Part III, Section B, Part I
ROI	return on investment
RPM	revolutions per minute
SaaS	Software-as-a-Service
SLA	service-level agreement
SmartPOD	driver management and communications application developed sold by the Group
Smart Gateway device	the unit developed and sold by the Group
Vehicle	any customer asset to which Microlise services are provided, including road vehicles, construction plant and equipment

PLACING AND ADMISSION STATISTICS

Placing Statistics

Number of Existing Ordinary Shares	102,168,178
Placing Price	135 pence
Number of New Shares to be issued by the Company	13,777,778
Number of Sale Shares to be sold by the Selling Shareholders	31,521,540
New Shares as a percentage of the Enlarged Share Capital	11.9 per cent.
Placing Shares as a percentage of the Enlarged Share Capital	39.1 per cent.
Number of Ordinary Shares in issue following Admission	115,945,956
Market capitalisation of the Company at the Placing Price following Admission (1)	£156.5 million
Gross proceeds of the New Placing receivable by the Company	£18.6 million
Estimated net proceeds of the New Placing receivable by the Company (2)	£14.3 million
Gross proceeds of the Vendor Placing receivable by the Selling Shareholders	£42.6 million
AIM ticker (TIDM)	SAAS
ISIN	GB00BLR8L223
SEDOL	BLR8L22
LEI	213800JRGXV9OET1LW32

Notes:

(1) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Placing Price.

(2) After deduction of estimated commissions, fees and expenses payable by the Company.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2021
Publication of this document	19 July
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 22 July
CREST accounts credited (where applicable)	8.00 a.m. on 22 July
Despatch of definitive share certificates (where applicable)	Within 14 days of Admission

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

PART I

INFORMATION ON THE GROUP

1. Introduction

Microlise is a leading provider of transport management technology solutions, delivering a globally enabled SaaS platform that digitises the business processes of enterprise organisations running highly complex logistics operations. As at 31 December 2020, the Group had over 400 enterprise customers and over 500,000 vehicle subscriptions.

Microlise's proprietary modular platform was specifically developed to provide an end-to-end technology solution for enterprise fleet operators. The Company's hardware and software technology solutions capture and analyse millions of real-time transport and logistics data events each day to allow fleet operators to improve across a range of KPIs, including operating efficiency, GHG emissions, and safety standards. In particular, the platform supports decreased fuel usage by reducing vehicle mileage travelled and improving driver performance, achieving quantifiable reductions in GHG emissions.

Microlise is an established leader in supplying transport management software to large fleet operators, with 58 per cent. of UK large HGV fleet operators (defined as comprising more than 500 vehicles) using its platform. The Company has a diverse customer base including organisations representing 88 per cent. of the UK grocery market by market share.

The Group's continued investment in its technology solutions has produced an award winning platform (Microlise currently holds three Queen's Award for Enterprise awards) which underpins its long term customer relationships with exceptionally low churn of less than 1 per cent. in FY20. This is reflected in the Group's track record of consistent recurring revenue growth, profitability and cash generation. In FY20, the Group grew recurring revenue by 19.0 per cent. to £32.0 million (of which growth of 15.7 per cent. was organic) (£26.9 million for FY19). Total Group revenue grew by 10.1 per cent. to £50.0 million (£45.4 million for FY19).

Microlise is owner managed with the current management team, led by Nadeem Raza, Chief Executive Officer, acquiring Microlise through an MBO in 2008. The Group operates predominantly in the UK, and has offices in India, as well as France and Australia where the Directors believe there are significant opportunities for growth.

The Group is seeking Admission in order to raise £18.6 million (before expenses) through the issue of the New Shares at the Placing Price. The net proceeds of the New Placing will be used to invest in growth initiatives including bolt on acquisitions. In addition, the Placing will raise approximately £42.6 million for the Selling Shareholders (before expenses). Further details of the Placing and the Group's intended use of proceeds, and the Selling Shareholders' remaining interests in the Company, are set out in paragraphs 13 and 14 of this Part I.

2. Key Strengths

Established leader with momentum

Microlise has established itself as a leading software provider to operators of large vehicle fleets. The Group's primary focus has historically been the UK large HGV fleet market where:

- 58 per cent. of fleets with more than 500 HGVs use Microlise's platform; and
- 46 per cent. of fleets with more than 250 but less than 500 HGVs use Microlise's platform.

The Group has continued to grow its position, winning 50 new customers in the year ended 30 June 2020.

As a result of its leading position in the market, Microlise plays a key role in UK transport, logistics and haulage, working with many of the largest fleet operators as well as collaborating with industry bodies. For example, the Group's annual 'Microlise Transport Conference', is one of Europe's largest road transport conferences with over 50 exhibitors, 35 speakers and 1,100 attendees, and has attracted speakers from the likes of Google Cloud, Amazon, Innovate UK, The Senior Traffic Commissioner, the Road Haulage Association, as well as Her Royal Highness The Princess Royal, in her capacity as Patron of Transaid.

Product leadership

The Group has achieved its leading position by investing heavily in its proprietary hardware and software platform to deliver solutions that support the business processes required by the increasingly complex operational ecosystem of fleet operators. The Directors believe that the proposition of a single integrated end-to-end platform, delivering cost and productivity efficiencies across fleet operators' operational ecosystem, is a significant advantage for the Group when competing with rival technology firms that typically offer point specialist solutions (such as fleet management) or platforms with reduced functionality.

In addition, the Group's modular platform is designed specifically to allow additional modules to be purchased by customers that run on the existing installed hardware, thereby reducing set up costs. The Directors believe this encourages up-selling activity, which further embeds its solutions in its customers' operating ecosystem, leading to long-term relationships and low customer churn.

The Group has made, and expects to continue to make, significant investments in research and development to ensure its portfolio of services expose the Group to future revenue generating opportunities, and take advantage of the latest technological developments. In FY20 the Group claimed research and development tax credits over £5.7 million of spend.

Customer relationships

Microlise services over 400 enterprise customers across a diverse range of end markets including haulage and logistics operators, and its technology is used by 88 per cent. of the UK grocery market based on market share.

The Directors believe that the enterprise nature of the Group's software and hardware platform is typically embedded into customers' operations, leading to long term relationships with very low customer churn. As at 31 December 2020, the average relationship with customers was in excess of five years and customer churn was less than 1 per cent. in FY20.

Long term structural trends

The transport industry is highly competitive with participants continuously seeking to reduce costs and increase productivity in order to remain competitive. The Directors believe the Group is well placed to take advantage of these long-term structural trends with its platform that delivers cost and productivity efficiencies.

Enterprise fleet operators are increasingly expecting better coordination across the logistics ecosystem, through increased integration, sharing of data and a reduced administrative burden. The Directors expect that the Group's market leading position will support further expansion and growth as these industry network effects amplify over time.

In addition, ecommerce is evolving rapidly and the shift to consumers buying online has been further accelerated during the Covid-19 pandemic with British consumers spending a total £113 billion online throughout 2020, a rise of 48 per cent. on the year before. This trend is driving increasing delivery numbers, with expectations of next day or short delivery times, adding vehicles, drivers and complexity to retailer's supply chains. Due to its strong position in the retail market, the Directors believe the Group is well placed to benefit from the growth in ecommerce.

Proven environmental benefits

There are growing pressures on the transport industry to reduce its environmental impact. As a result, reducing GHG emissions is a key priority for fleet operators. The Directors believe that the Group is well positioned to succeed against this backdrop as its platform delivers quantifiable reductions in fuel use and GHG emissions.

The Group is expected to qualify for London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50 per cent. or more of their total annual revenue from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent transparent data and indexes.

Strong financial track record

Microlise's SaaS platform delivers high levels of recurring revenue, representing approximately 64.0 per cent. of Group revenue in FY20. The Group has a long track record of recurring revenue growth from new and existing customers, demonstrated by a 16.1 per cent. CAGR over the previous three years. Recurring revenue represents an increasing proportion of Group revenue: 64.0 per cent. in FY20 compared to 48.6 per cent. in FY18.

The Group's recurring revenue supports excellent revenue and cash flow visibility, with approximately 50 per cent. of FY20 revenue contracted at the start of the year and approximately 92 per cent. of revenue in FY20 originating from customers that existed at the start of the financial year.

The Group has a strong history of consistent profitability and cash generation due to the high level of recurring revenue, of which a significant proportion is paid in advance. In FY20, the Group generated EBITDA of £5.5 million and net cash flow from operations of £10.7 million.

Management team and culture

The Group's management team have over 50 years of transport management technology expertise alongside a proven ability to grow the Group, successfully launching new modules and entering new geographies.

3. History and Background

Microlise was established by Keith Bendon in 1982, initially focussing on the development of warehouse management technology solutions.

In the late 1990s, Microlise identified that whilst warehouse management software was readily adopted, there was limited visibility of the supply chain during the transportation of goods to warehouses. Accordingly, Microlise started to develop transport management technology solutions with its fleet visualisation and journey management services.

In 2008, Nadeem Raza, CEO, led a MBO to acquire ownership of the Group. With the business focusing transport management technology, revenue has grown over 300 per cent. under his leadership.

In response to increasingly complex customer requirements, Microlise has continued to develop additional functionalities, which include the Incident Data Recorder, electronic Proof of Delivery (POD), mobile compatibility, and the Planning and Optimisation module to build its end-to-end transport management platform.

On 22 December 2018, the Group acquired a 20 per cent. interest in Trakm8 Holdings plc. Trakm8 Holdings plc is quoted on AIM, and is focused on the development, manufacture, distribution and sale of telematics devices, services and optimisation solutions.

In March 2020, the Group acquired TruTac, a leading provider of fleet compliance and management software for HGVs and PSVs in the UK. TruTac designs and delivers software for HGV and PSV fleets of all sizes and sectors, streamlining compliance and data management and is the analysis partner for the Road Haulage Association. The acquisition of TruTac expanded the Group's functionality, providing a suite of compliance software solutions enabled by data captured from the Group's existing hardware units.

Over the years, the Group has received significant recognition, receiving a prestigious Queen's Awards for Enterprise: International Trade in 2018, a Queen's Awards for Enterprise: Innovation in 2019 and a Queen's Award for Enterprise: Innovation in 2020. Microlise was also named in the Sunday Times HSBC International Track 200 in 2019.

Headquartered in Nottingham, Microlise opened its first international office in Pune, India in 2014 to provide product delivery and support services to its increasingly global customer base. In 2018, Microlise opened two new offices in Melbourne, Australia and Marseille, France. Across all locations. the Group had 602 permanent employees as at 31 December 2020.

4. Business Overview

Microlise provides an end-to-end technology platform for enterprise class fleet operators that digitises and integrates the business processes in their highly complex operational ecosystem. The platform offers customers an end-to-end solution, from physical hardware, to software (sold under SaaS licences) and other complementary professional services.

Smart Gateway

Microlise offers a proprietary Smart Gateway device that communicates a broad range of vehicle data to the Group's software platform in real time via mobile technology. The devices capture all vehicle data required by the Group's software platform, thereby reducing the cost for customers of paying for additional hardware with additional functionality when purchasing new modules.

The Smart Gateway device can be fitted to a wide variety of vehicles either by the vehicle manufacturer or post-production directly by the Company or a third party installer.

Microlise DriveTab

Microlise DriveTab is a ruggedised 7 inch touch screen tablet that acts as the main interface for driver communication, navigation and feedback. DriveTab can be fixed in-vehicle or used as a hand-held device via a dedicated charging bracket. It has been specifically designed to meet the needs of enterprise transport operators.

DriveTab is functionally rich, facilitating driver identification, text and voice communications, including real-time warning notifications, trip sheet, integrated satellite navigation, task management and driving style coaching and debrief functionality.

Proprietary Modular Software Platform

The Group's platform processes and analyses data captured by Smart Gateway devices in real time, to streamline key business processes and provide valuable management insights to allow fleet operators to maximise utilisation, increase efficiency and improve safety and driver performance. The platform has been specifically developed to present intuitive and flexible user interfaces allowing enterprise customers the ability to easily access key information regarding the performance of their operation.

The diagram below shows Microlise's platform structured by business process area:

Fleet Performance

Microlise utilises sophisticated telematics to provide an intuitive user interface that presents real time vehicle level data on location, vehicle health and utilisation as well as driver performance. Fleet Performance is pre-configured with dashboards, reports and metrics required to identify how the fleet is being driven to facilitate focussed maintenance and training where it will have the most positive impact to improve overall ROI on fleet assets.

Fleet Compliance

Operated under the TruTac brand, Microlise offers a suite of compliance software solutions that manage legally required fleet tachograph compliance, as well as fleet maintenance, vehicle walk around checks and driver licence checks removing manual administrative hurdles. TruTac's fleet management solution, TruFleet, is 'DVSA Earned Recognition' approved.

Fleet Safety

Microlise offers a variety of safety modules allowing fleet operators to reduce the number of incidents, cut insurance costs and improve drivers' safety. Fleet Safety was developed around Microlise's core Incident Data Recorder, a pre-configured dashboard which presents highly accurate data on a vehicle's control functions (location, speed, RPM, brake, clutch), which is automatically tagged and reported, immediately before and after an incident or near miss. Fleet operators can also opt to overlay the Group's ClearVision vehicle camera solution to display footage of an incident. The dashboard presents data allowing defence against wrongful accident claims and providing insights into cause and fault which can be used to target driver training and improve driver performance, as well as handling accident investigations quickly and accurately.

The Microlise platform uses telematics data to provide Contextual Speeding reporting, which provides a real time comparison of actual speed versus the posted road speed at the given location. In addition, Microlise's award winning Driver Hazard Warning alerts drivers to specific risk hotspots, such as low bridges, based on vehicle specifications, as they are approached. Microlise also offers panic alarm solutions for high value transport loads, which when activated send a pre-determined distress signal.

Planning & Optimisation

The newest addition to Microlise's platform launched in 2020, is the Planning & Optimisation module. The proprietary algorithm allows automated optimisation of routes based on a wide range of configurable outcomes (for example vehicle utilisation, driver utilisation, time) and can be adjusted to address issues around delays and bottlenecks. The algorithm utilises Microlise's proprietary data, aggregated from the platform, to optimise routes based on real world operating conditions. The module has been developed specifically to support flexible and fast optimisation allowing for the inclusion of last-minute consignments without the need for manual intervention. Optimised plans are automatically linked to Microlise's Journey Management dashboard or can be exported into a customer's third party journey management system. Optimised schedules increase vehicle utilisation, improve customer service and reduce mileage travelled, and therefore decrease fuel use and GHG emissions.

Journey Management

Microlise's Journey Management solution allows proactive customer service, utilising real time fleet analytics to monitor the status of journeys against schedule, in real-time. The intuitive user interface allows real time visibility over all active vehicles, identifying potential issues and indicating whether early, on-time, and if late, estimated time of arrival to enable users to take proactive remedial actions. This allows Microlise's customers to reduce missed delivery slots and provide an improved customer service.

Following the completion of each route, the dashboard runs detailed exception analysis KPIs and reports on route and schedule adherence. This detailed management information allows customers to make changes to routes and schedules based on real world data, reducing mileage, leading to decreased fuel costs, vehicle wear-and-tear and GHG emissions, as well as reducing the administrative burden of manual driver briefings.

Driver Connected Mobility

Microlise's feature-rich delivery management solution provides drivers complete visibility of all delivery operations and seamless driver communication. Microlise's solution creates a full workflow for drivers, guiding them step-by-step through their day, including vehicle loading, navigation, electronic proof of delivery and exception handling, with two-way messaging functionality to stay connected at all times. All delivery activity is tracked electronically in real time, with the option of automatically sending electronic confirmations straight to the customer, cutting down on unnecessary paperwork, streamlining the delivery process and enhancing customer experience.

Microlise's Driver Connected Mobility applications are compatible with Android devices, including Microlise's DriveTab, designed for logistics fleet operators, or is available as a software only downloadable application, SmartPOD, targeting the sub-contractor market.

Customer benefits

Customers use the Group's products to deliver measurable improvements across a range of KPIs including GHG emissions, operating efficiency and safety standards.

Decreased fuel use and GHG emissions

Fuel use is typically one of a fleet operator's largest variable costs. Over the past 15 years, fuel prices have risen significantly, as have environmental concerns around generating GHG emissions, leading to fleet operators requiring new products, technologies and services that offer fuel efficiencies. The Group's platform addresses this need, delivering quantifiable savings in fuel use, primarily through reducing mileage and improving driver performance.

Route planning is often serviced manually or by point technology solutions that do not provide the range of functionality offered by Microlise's platform. The Group's Planning & Optimisation module allows customers to optimise routes and react to real world data differing from plan, decreasing mileage, fuel use and GHG emissions.

In addition, the Group's platform captures and analyses detailed driver data. This allows targeted driver training to improve driving performance across a range of standard metrics including speeding, engine idling, over-revving and harsh braking, which leads to quantifiable improvements in fuel efficiency and reduced fuel consumption.

The Company estimates that its platform has saved its customers over 164 million litres of fuel over the past five years, equivalent to 430 million kilograms of CO_2.

Reduced repair and maintenance costs and insurance premiums

The Group's platform offers real-time valuable management insights, particularly around driver performance, vehicle health and vehicle utilisation, allowing proactive rectification of issues before incidents or issues occur. Overall this decreases vehicle wear and tear and reduces the probability of accidents occurring leading to lower repair and maintenance costs and insurance premiums.

Customer service improvement

Through analysing accurate real-time information, as well as improving and automating standardised customer communications (including ETA and proof of delivery), Microlise's clients are better able to deliver an enhanced experience to their customers.

Elimination of paperwork

Microlise's end-to-end technology solution reduces customers' administrative burden across all aspects of their operational ecosystem, for example by digitising all stages of delivery management and proof of delivery records.

Technology platform

Microlise's platform has been developed specifically to ensure scalability and security. Smart Gateway devices provide robust, highly configurable, and secure on board sensor data acquisition and processing capability, with secure storage and transmission of data using proprietary hardware. Communications between the Smart Gateway devices and software platform are achieved through the global GSM data network.

The software platform is specifically designed for SaaS using service-oriented architecture, deployed in a private cloud environment across two tier 3 ISO 27001 certified data centres, in secure private suites. All equipment in the Microlise suites is owned and operated by the Group.

All data received by the software platform from the Smart Gateway devices, or through integration with customers' own business systems through secure APIs, is processed and encrypted on the Group's cloud servers compliant with General Data Protection Regulations, and Microlise ISO 27001 certification.

The Group continues to invest across all areas of its platform and has a rolling programme of infrastructure renewal to ensure customers are provided with the Group's latest software resulting in maximum efficiencies for their businesses.

Research and development

Microlise has created the majority of its proprietary hardware and modular software platform organically through its research and development activities. As a result, the Group owns the core intellectual property rights in its platform.

The Group continues to invest in both developing new proprietary products to complement its existing portfolio, as well as investing in the development of existing products themselves to ensure that the Company's offering remains at the forefront of technological advances.

An example of recent development productivity is the Planning & Optimisation module released in 2020, and the Trailer Brake Performance Monitoring released in 2021.

As at 31 December 2020 the Group employed over 160 staff in development roles. The Group claimed research and development tax credits over £5.7 million of spend in FY20.

Professional services

In addition to traditional technical and help desk support, the Group offers ongoing interaction with its customers via its benefits realisation consultants team. Benefits realisation consultants work directly with customers to identify opportunities to realise maximum ROI from the Group's platform. The Directors believe that this service is valued by customers and helps establish long term relationships as well as allowing the Group to identify cross-sell or up-sell opportunities.

Road to Logistics

In 2016, Microlise launched Road to Logistics in conjunction with the Road Haulage Association. Road to Logistics is a not-for-profit organisation that encourages and provides funding for new talent within the transport and logistics industry, specifically for individuals from disadvantaged sections of society who may be less likely to have such opportunities available to them.

Whilst helping individuals gain self-confidence and independence, the programme also enables companies to reduce the cost of recruiting new talent into their organisations and in turn helps to address the increasing driver shortage which the industry faces.

The initiative is supported by the UK Government, which has pledged £1 million to Road to Logistics as part of supporting the future of the UK road transport industry.

5. Growth Strategy

Significant revenue potential within existing customer base

Microlise receives the majority of its revenue from its existing customer base (approximately 92 per cent. of Group revenue in FY20) reflecting the recurring revenue derived from its SaaS platform and the Group's strong track record in growing revenue from its customer base.

Microlise has a leading position in the UK enterprise market with over 400 customers that generate high levels of recurring revenue from long term (typically 5 year) SaaS contracts. As customers grow and undergo ongoing fleet replacement cycles, the Group typically receives new SaaS subscriptions as well as hardware sales and installation fees.

In addition, dedicated account managers and benefits realisation consultants work closely with all existing customers to identify opportunities to help them realise maximum efficiencies from the platform, which generates professional services fees for the Group.

Up-sell/cross-sell

Potential customers typically come to Microlise looking to solve a specific issue within their operation or seeking a replacement for an existing point specialist solution where a licence has expired, rather than to purchase an ecosystem-wide solution. The Group therefore usually starts a new customer relationship selling only part of the platforms full functionality. Therefore, a large proportion of the existing customer base do not currently use the full functionality of Microlise's platform, which the Directors believe provides significant up-selling opportunity.

Once the initial sale has been effectively implemented and is delivering benefit, the Group's sales function works closely with existing customers and their dedicated account managers to identify additional modules that would offer an attractive ROI to the customer. Microlise's cloud delivered platform has been specifically designed for customers to easily implement the purchase of new modules, running on existing installed hardware.

The Group's customers are typically highly complex enterprises with multiple brands or operating departments. The Group seeks to leverage its existing relationships and reputation with its existing customers to actively target their brands or operating departments that are not yet using Microlise's platform.

Broaden product offering

Microlise continues to invest in its platform, developing new and complementary modules that use the existing data captured by the platform to unlock further revenue opportunities.

New modules may provide both up-sell opportunities to existing customers as well as a route to a new target market. For example, the route to market for the Planning & Optimisation module, launched in 2020, is mid-market fleet operators where the Group has a smaller market share.

New customer acquisition

The Group's new customer acquisition strategy is to focus on continuing to take market share in the UK enterprise logistics and haulage market as well as to target smaller fleet operators with 50-500 vehicles.

In addition, the Group targets expansion into new select geographies which have similar characteristics to the UK logistics and haulage market. The Group has offices, with sales teams, in France and Australia and has already has proof of concept in these markets with customer wins. The Group's route to market is predominantly through its direct sales channel and OEM relationships.

Direct sales

The Group has an enterprise sales function comprising 20 sales executives in the UK, in addition to smaller sales functions in France and Australia. These teams are focussed on selling the Group's platform to organisations managing large or complex fleets of commercial vehicles (including HGV, LCV, PSV and construction vehicles). The sales teams work with, and are supported by, the Group's marketing function to identify and develop a pipeline of qualified sales opportunities sourced from industry specific events and trade shows, direct and internet marketing campaigns and word-of-mouth referrals.

The Group's customer acquisition strategy has been validated by its track record of consistently adding new blue-chip customers, including 50 new customers in FY20.

OEM relationships

Microlise offers a white-label Fleet Performance technology solution to OEMs that is highly complementary to its direct sales strategy. OEM customers purchase the Smart Gateway devices from the Group which are fitted during vehicle assembly or PDI. OEMs also purchase the Fleet Performance software module, to provide valuable insights into real-world vehicle utilisation and performance, which in turn the OEM customer can sell white-labelled to its own customers. In FY20 OEMs represented approximately 39 per cent. of Group revenue.

Selective bolt on acquisitions

Microlise is considering selective and accretive acquisition opportunities that will accelerate the Group's growth strategy. Acquisitions may include technology bolt ons to widen the Group's platform offering and grow recurring revenue opportunities and/or acquisitions in new geographies which would add customers of strategic value.

6. Commercial Model

The Group has two segments which contribute to revenue: recurring and non-recurring revenue.

Recurring revenue

SaaS software licenses constitute the majority of the Group's revenue (64.0 per cent. in FY20), which gives the Group high revenue visibility. Customers are typically charged on a 'per vehicle' basis, with pricing depending on the number and type of modules, or subsets thereof, purchased. Certain modules are charged on a 'per delivery' or 'per driver' basis. Software licenses are typically invoiced monthly, quarterly, semi-annually or for life of subscription in advance. Microlise recognises revenue each month it provides the services over the duration of the contract.

Non-recurring revenue

The remainder of the Group's revenue is represented by hardware and installation sales (30.8 per cent. of FY20) and professional services, which includes training, customisation and benefit realisation consultants, (5.2 per cent. of FY20).

A high proportion of non-recurring revenue, 82.1 per cent. in FY20, is received from existing customers. This is mostly driven by hardware sales and installation fees for customers increasing fleet size or replacing vehicles within its fleet (which is typically done on a rolling basis by enterprise fleet operators) as well as professional service fees for ongoing customisation and benefit realisation consultants.

Due to the size of the Group's enterprise customers, new customers typically roll out Microlise's solutions across a fleet over a number of months and the Group typically invoices for hardware sales and installation, training and implementation as delivered or consumed as these are provided across the roll out period.

7. Market Overview

Microlise operates in the transport management technology solutions market which is a global market that services operators of vehicle fleets who have complex operational and logistical needs.

Transport management technology solutions seek to digitise one or more of the wide range of business processes that make up the operational ecosystem of a fleet operator including schedule planning, rostering, journey and delivery execution, customer communication, driver management, and compliance. Fleet operators also adopt transport management technology to provide valuable management insights that deliver cost efficiencies, productivity improvements, reduce GHG emissions in order to lessen their environmental impact, improve customer service or ensure local regulatory compliance.

A broad range of customers utilise transport management technology solutions including fleet operators in the OEM, haulage and logistics, retail and grocery, food manufacturing, food services, pharmaceuticals, post and parcel, construction, defence and petrochemical markets. Customers also utilise these services for a range of different vehicle types including HGVs, LCVs, PSVs, construction plant and equipment and military vehicles.

Given the presence of logistics operations in almost all countries in the world, the Directors consider the transport management technology solutions market to be a global market and one that is growing due to structural drivers in core markets, such as the evolution of ecommerce, as well as pressures encouraging the adoption of technology solutions, including the introduction of regulation targeting emissions reductions, increasing complexity of operations and increasing expectations of coordination across the supply chain.

Complexity in logistics operations is typically correlated to size of fleet. The Group's broad and sophisticated solutions portfolio is targeted at the enterprise end of the market, servicing customers with large vehicle fleets or complex needs, as opposed to smaller and simpler businesses which can be serviced by less sophisticated telematics and point solution alternatives.

8. Customers

Microlise serves an enterprise customer base, with over 400 enterprise customers, and over 500,000 vehicle subscriptions, across diverse end markets including OEM, haulage, retail, grocery, food manufacturing, food services, pharmaceuticals, post and parcel, construction, defence and services and petrochemical.

Due to the global nature of the Group's customers' operations its platform is enabled and used all over the world, as shown the diagram below:

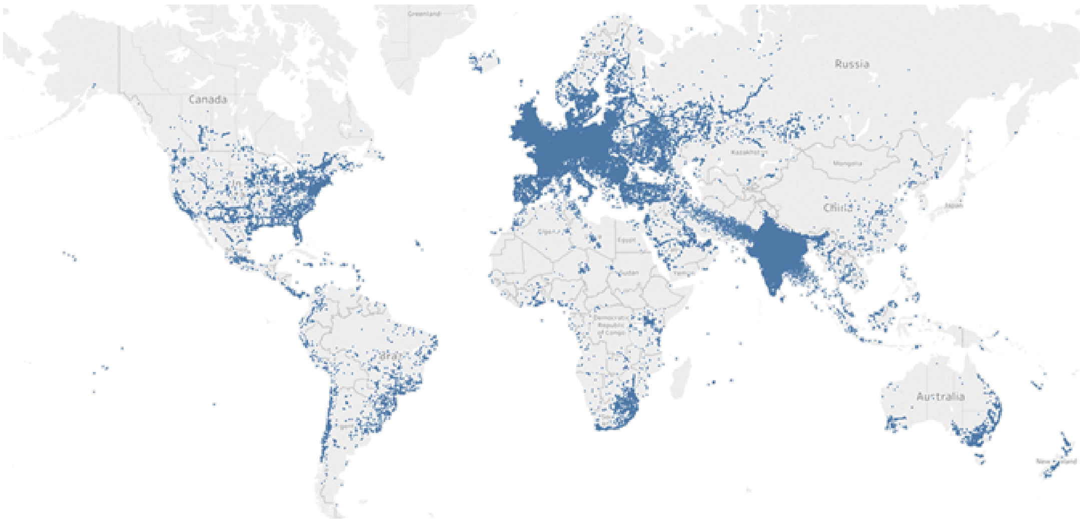

Diagram shows all data points analysed by Microlise's platform in a single day.

The majority of the Group's customers, representing 89.5 per cent. of Group revenue, are invoiced within the UK.

The Group focuses on establishing and maintaining long term relationships, reflected by an exceptionally low customer churn rate of less than 1 per cent. in FY20 and an average customer relationship in excess of five years as at 31 December 2020. Microlise achieved a net client retention rate of 99.5 per cent. in FY20, adding 50 new customers in the period.

The Group's largest customer is a leading global manufacturer of construction equipment, accounting for 27 per cent. of Group revenue in FY20 (29.4 per cent. of recurring revenue). The customer has a master services agreement with the Group running until December 2022, and has been a customer of the Company since 2010.

Within the 'road transport ecosystem' there are typically multiple stakeholders who have an interest in the performance of each vehicle, for example:

The OEM, dealerships and lessors can benefit from Microlise's Fleet Performance or Fleet Compliance solutions to access vehicle health and performance data allowing proactive identification and rectification of issues reducing costly vehicle repairs and downtime.

Distributors and operators may acquire a broad range of Microlise's solutions, depending on their requirements, as they seek cost, productivity and environmental efficiencies from their operational ecosystem.

This market dynamic offers the Group a significant opportunity to earn revenue from multiple stakeholders of each vehicle. This is highly attractive for new customers as initial set up costs will be substantially reduced as new modules run on the existing installed hardware.

9. Competitive Environment

Despite the complexity of fleet operators and their demand for improved efficiency, digital transformation of the operational ecosystem is in its early stages with enterprises typically serviced by multiple narrow specialist solutions (such as fleet management and fleet compliance) or legacy manual processes (such as driver connected mobility and proof of delivery). The Director's do not believe there are any other third party technology solutions that seek to cover the entire operational ecosystem and therefore consider the Group to be unique in its end-to-end offering.

Point specialist solutions

There are a number of vendors that offer technology solutions designed to digitise and drive efficiency in a single, or small set of the, logistics operation processes. In addition, the Directors believe that integrating multiple solutions cannot offer equivalent integration benefits as Microlise's platform can where each module has been specifically designed to integrate seamlessly with each other.

In-house systems and processes

Whilst some technology solutions have been widely adopted by the market (for example fleet performance), some fleet operators still rely on in-house systems or manual processes for many of their business processes (for example driver connected mobility). The Directors believe these systems are resource intensive and normally offer low service levels for customers.

10. Current Trading

Following the impact of Covid-19 in the first half of the Group's current financial year, in which growth suffered from closure of production at certain OEM sites and some direct customers suspended technology investment, trading has recovered during the second half and remains ahead of pre pandemic levels. In particular order uptake from the Group's largest OEM customer has been strong and the Directors are pleased with sales traction in the Group's recently launched Planning & Optimisation and Trailer Brake Performance Monitoring modules.

The Directors are confident that opportunity within the Group's existing customer base coupled with new revenue initiatives will support growth in the future.

Trading for the period from 31 December 2020, being the date to which the unaudited interim financial information in Part IV has been prepared, to the date of this document was consistent with the Directors' expectations.

11. Directors and Employees

The management expertise and experience of each of the Directors is set out below:

Jonathan (Jon) Lee (aged 56) – Non-Executive Chairman

Jon is currently Non-Executive Chairman of Essensys plc and has extensive experience in running software businesses in the UK, US and Europe. He is an experienced company director, having held multiple board positions, including at London Bridge Software Holdings plc, where he was CEO. Jon has an MBA from

MIT, is a Chartered Engineer and a Chartered Management Accountant. Jon is also a founder of a venture capital fund, The Technology and Innovation Fund LP, focussed on the B2B software sector. Jon joined the Board of Microlise in April 2021.

Nadeem Raza (aged 54) – Chief Executive Officer

Nadeem joined Microlise in 1987 and has fulfilled various responsibilities and gained experience across all elements of the business, including sales, system integration, marketing, operations and business computing. He led a management buyout of the Group in 2008, when he became CEO. He is a board member of Trakm8 Holdings plc and is Deputy Lieutenant, support Lord-Lieutenant in Nottinghamshire. Nadeem was named in the FT Top 100 BAME leaders in 2018.

William (Bill) Wynn (aged 57) – Chief Financial Officer

Bill joined Microlise in 2007 as Finance Director and Company Secretary and brings to Microlise a wealth of financial and general management experience. He was also part of the management buyout of the Group in 2008. Bill has an MBA, is a Chartered Management Accountant and brings to Microlise over 25 years of board level experience, gained in a variety of industry sectors both nationally and internationally.

Constantino (Dino) Rocos (aged 62) – Non-Executive Director

Dino is currently Non-Executive Director of Clipper Logistics plc where he is a member of the Nomination, Remuneration and Audit Committees. Dino is a Fellow of the Chartered Institute of Logistics and a highly experienced supply chain leader bringing with him over forty years' retail industry experience at the omni-channel retailer, John Lewis Partnership. Dino served at John Lewis Partnership for many years as a senior management board member with responsibility for the development of supply chain strategies working within the industry to develop propositions, capabilities and fulfilment solutions. Dino joined the Board of Microlise in April 2021.

Company Secretary

Nicholas (Nick) Wightman – Company Secretary and Finance Director

Nick joined Microlise in 2012 and played a key role in the Group's refinancing and reorganisation in 2018, its acquisition of TruTac in 2020, and in establishing the Group's offices in India, France and Australia. Prior to joining Microlise, Nick held senior financial roles at Ardagh Group, Bombardier Transportation, and Airfoil. Nick is ACMA and has an ACCA Diploma in International Financial Reporting.

12. Summary Financial Information

The following financial information has been derived from the financial information contained in Part III (Historical Financial Information) and Part IV (Unaudited Interim Financial Information) of this document, and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

The Group completed a restructuring in September 2018, pursuant to which its newly incorporated parent company, Microlise Group Holdings Limited (now re-registered as Microlise Group plc) acquired Microlise Holdings Limited. The summary financial information below reflects the financial information of the operating business, Microlise Holdings Limited, for the years ended 30 June 2018 and 30 June 2019, as well as the Group's consolidated financial information for the nine months ended 30 June 2019, the year ended 30 June 2020, and the six months ended 31 December 2020 (unaudited).

	Microlise Holdings Limited		*Microlise Group Holdings Limited (now re-registered as Microlise Group plc)*		
	Year ended 30 June 2018	*Year ended 30 June 2019*	*9 months ended 30 June 2019*	*Year ended 30 June 2020*	*6 months ended 31 December 2020*
Period ended	*Audited*	*Audited*	*Audited*	*Audited*	*Unaudited*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Non-recurring revenue	25,050	18,509	12,443	18,003	10,638
Recurring revenue	23,729	26,895	20,517	31,996	17,186
Revenue	48,779	45,404	32,960	49,999	27,824
Cost of Sales	(24,517)	(21,521)	(16,398)	(21,559)	(12,206)
Gross profit	24,262	23,883	16,562	28,440	15,618
Administrative expenses	(20,743)	(22,510)	(17,409)	(27,771)	(14,729)
Operating profit	3,519	1,386	(834)	1,206	1,252
Other interest receivable	241	289	289	285	–
Interest payable	(209)	(235)	(609)	(708)	(351)
Profit on ordinary activities before tax	3,551	1,440	(1,303)	710	773
EBITDA	5,564	3,491	2,159	5,533	3,464

Prior to Admission the Group changed its accounting reference date to 31 December and will announce an unaudited interim report for the 12 month period ending 30 June 2021 by 30 September 2021. The Group's first annual report will be for the 18 month period ending 31 December 2021 which the Company intends to announce by no later than 30 April 2022.

13. Reasons for Admission and Use of Proceeds

The Directors believe that the Placing and Admission will provide capital for Microlise's next stage of development, further enhance the Group's profile with its customers and assist with the recruitment, retention and incentivisation of senior management and employees at all levels of the Group.

The Company expects to receive net proceeds from the Placing of approximately £14.3 million. The net proceeds will be used principally to invest in targeted bolt on acquisitions to enhance the Group's product portfolio and geographical reach.

14. Details of the Placing and Admission

The Placing is comprised of the New Placing and the Vendor Placing, details of which are set out below.

The New Placing

The Company is proposing to raise a total of £18.6 million by way of a conditional placing by the Company of the New Shares, at the Placing Price with new investors.

The New Shares will represent approximately 11.9 per cent. of the Enlarged Share Capital at Admission.

The Vendor Placing

Under the Vendor Placing, the Selling Shareholders have agreed to sell 31,521,540 Sale Shares at the Placing Price and these shall be placed with investors by Singer at the Placing Price. The Sale Shares will represent approximately 27.2 per cent. of the Enlarged Share Capital at Admission. The Company will not receive any proceeds from the sale of the Sale Shares.

The Placing Agreement

Pursuant to the Placing Agreement, Singer has agreed to use its reasonable endeavours to procure subscribers for the New Shares. The Company and the Directors have given certain warranties (and the Company has given an indemnity in respect of certain liabilities and claims that may arise or be made against them in connection with the New Placing and Admission) to Singer and the Nomad, all of which are customary for this type of agreement. The Placing Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 22 July 2021 or by such later date as is agreed in writing between the Company and Singer, being not later than 8.00 a.m. on 31 August 2021.

The Selling Shareholder Agreement

Pursuant to the Selling Shareholder Agreement, Singer has agreed to use its reasonable endeavours to procure purchasers for the Sale Shares. The Company and the Selling Shareholders have given certain warranties (and certain Selling Shareholders have given an indemnity in respect of certain liabilities and claims that may arise or be made against them in connection with the Vendor Placing and Admission) to Singer, and the Nomad, all of which are customary for this type of agreement. The Selling Shareholder Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 22 July 2021 or by such later date as is agreed in writing between the Company and Singer, being not later than 8.00 a.m. on 31 August 2021.

The New Placing and Vendor Placing, which are not underwritten, are conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission;
- the Selling Shareholder Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 8.00 a.m. on 22 July 2021 (or such later date as Singer and the Company may agree, being no later than 8.00 a.m. on 31 August 2021).

The New Shares being subscribed for pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue (including the Sale Shares) and will participate in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The Placing Shares will, immediately on and from Admission, be freely transferable.

Singer has the right under the Placing Agreement and the Selling Shareholder Agreement to terminate the Placing Agreement and the Selling Shareholder Agreement and not proceed with the New Placing and the Vendor Placing if, prior to Admission, certain events occur including certain force majeure events. If such right is exercised by Singer, the New Placing and Vendor Placing will lapse and any monies received in respect of the New Placing and Vendor Placing will be returned to investors without interest.

Further details of the Placing Agreement and the Selling Shareholder Agreement are set out in paragraphs 14.3 and 14.4 of Part V of this document.

15. Lock-in Agreements

Certain of the Directors and certain other Shareholders, who on Admission will be the holders of 70,646,638 Ordinary Shares in aggregate, representing approximately 60.9 per cent. of the Enlarged Share Capital, (being the Locked-in Shareholders) have entered into Lock-in Agreements. Under the terms of the Lock-in Agreements, the Locked-in Shareholders have undertaken to the Company and Singer not to dispose of any interest in any Ordinary Shares owned by them or any connected person for twelve months from Admission (the “Restricted Period”) and, for a further period of twelve months following expiry of the Restricted Period only to dispose of their Ordinary Shares through Singer during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Further details of the Lock-in Agreements described above are set out in paragraph 14.8 of Part V of this document.

16. Relationship Agreement

Nadeem Raza (and connected parties) will hold 57,999,942 Ordinary Shares on Admission, representing approximately 50.0 per cent. of the Enlarged Share Capital. He has undertaken to the Company and Singer that, for so long he (either alone or together with any party with whom he is acting in concert) is interested in Ordinary Shares carrying 20 per cent. or more of the Company's voting share capital, he will not act to unduly influence the Company or its Board or otherwise interfere with the day-to-day management of the Company.

Further details of the Relationship Agreement described above are set out in paragraph 14.6 of Part V of this document.

17. Corporate Governance

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM however, there is no prescribed corporate governance regime for AIM companies. The QCA has published the Quoted Companies Alliance's Corporate Governance Code (the "**QCA Code**"), a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters.The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the QCA Code.

Following Admission, the Board will comprise four Directors, of which two are Executive Directors and two are Non-Executive Directors. The Board considers Jonathan Lee and Dino Rocos to be independent Non-Executive Directors under the criteria identified in the QCA Code. The Board intends to appoint a further independent non-executive director within 12 months of Admission.

The Company will hold regular board meetings and the Board will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Board has established an Audit Committee and a Remuneration Committee with formally delegated rules and responsibilities. Each of these board committees will meet as and when appropriate, but at least twice each year.

The Audit Committee will comprise Jonathan Lee, who will act as chair, and Dino Rocos. The Audit Committee will, among other things, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The Remuneration Committee will comprise Dino Rocos, who will act as chair, and Jonathan Lee. The Remuneration Committee will review and make recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee will also make recommendations to the board concerning the allocation of share options to employees under the intended share option schemes.

18. Dividend Policy

Following Admission the Company intends to retain any earnings to expand the growth and development of its business and, therefore, does not anticipate paying dividends in the near term. The Board will review the Group's capital allocation policy on an ongoing basis and given the cash generative nature of the Group's activities would, subject to the availability of sufficient resources and distributable reserves, and if commercially prudent to do so expect to commence the payment of dividends in the medium term.

19. Share Dealing Policy

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of financial results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's shares.

20. Share Option Scheme

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

Following Admission, the Group intends to operate the following discretionary share plan, further details of which are set out in paragraph 13 of Part V of this document.

Employee share incentive scheme

The Microlise Group Performance Share Plan ("**Performance Share Plan**")

The Performance Share Plan is a discretionary share plan which will be administered and operated by the Board and/or the Remuneration Committee. Any employee (including a Director) of the Company or any of its subsidiaries will be eligible to participate in the Performance Share Plan at the discretion of the Board. Awards will be granted to Executive Directors in line with any applicable remuneration policy. Decisions in relation to the participation in the Performance Share Plan by Executive Directors will be taken by the Remuneration Committee.

21. New Facility Agreement

On 16 July 2021, members of the Group, including the Company, entered into a facility agreement with HSBC UK Bank plc in respect of a revolving facility of £20 million. The facility may be used for general corporate and working capital purposes and for permitted acquisitions. The facility is conditional on, amongst other things, Admission and the repayment of the Group's existing funding arrangements. Further detail on the New Facility Agreement is set out in paragraph 14.1 of Part V of this document.

22. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 20 of Part V of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

23. The City Code

The City Code will apply to the Company from Admission. Under the City Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate interests of the acquirer and its concert parties to 30 per cent. or more of the voting rights in the Company, the acquirer and, its concert parties would be required to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

This requirement would also be triggered when, except with the consent of the Panel, any person (together with persons acting in concert with him) who is interested in Ordinary Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which he is interested.

For the purpose of Rule 9 of the City Code, it has been agreed with the Panel that those persons set out in paragraph 6.2 of Part V of this document are acting in concert. Following Admission, the Concert Party could have an interest in (directly or indirectly) 70,646,638 Ordinary Shares, representing up to approximately 60.93 per cent. of the voting rights in the Company.

Further information on the provisions of the City Code can be found in paragraph 6 of Part V (Additional Information) of this document.

24. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

25. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 22 July 2021. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 22 July 2021. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 14 days after the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

26. Further Information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part V of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE GROUP'S BUSINESS

Dependence on key customers

The Group's business is dependent on certain key customers. In FY20, the top 10 customers represented approximately 54.2 per cent. of Group revenue of which one customer accounted for approximately 26.6 per cent. of Group revenue. The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including a decision by a key customer to diversify or change how, or from whom, they source the hardware, software or services currently provided by the Group, an inability to agree on mutually acceptable pricing terms with any one of its key customers following the completion of its existing contract or a significant dispute with or between the Group and one of its key customers. If the Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, it may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

The Group faces competitive threats

The Group is engaged in business activities where there are a number of competitors. Certain of these competitors are larger and have access to greater financial, technical and marketing resources than the Group. The Group's future success will depend in part upon the Group's ability to retain its competitive position in the market. Any failure to maintain its competitive position may have material adverse effect on the Group's prospects, results of operation and financial condition. The Group may also face competition from new companies that have greater research, development, marketing, financial and personnel resources than the Group.

Reputation is important in winning contracts with both new and existing customers

The Group's reputation, in terms of the solutions it provides and the way in which it conducts its business, is central to the Group winning contracts with both new and existing customers and consequently its future success. If the Group fails to meet the expectations of these customers and other business partners it may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

The Group's future financial performance depends on its ability to provide both existing and new customers with high quality solutions and a high quality of service. If for any reason the Group is unable to provide customers with high quality solutions and service, it could face customer dissatisfaction and a lack of customer confidence in the Group and its solutions, which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Dependence on key executives, managers and technical personnel

The Group is highly dependent upon key senior management personnel who have extensive experience and knowledge of the Group, its solutions, its customers, its target markets and its business generally. The successful implementation of the Group's growth strategy depends on the continuing availability of senior management and the Group's ability to continue to attract, motivate and retain other highly qualified employees. If members of the Group's senior management depart and adequate succession plans are not put in place, the Group may not be able to find effective replacements in a timely manner, or at all and the Group's business may be disrupted or damaged. In addition, the loss of key members of senior management to competitors may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Dependence on ability to attract highly qualified personnel

Attracting and retaining highly qualified management, software development, technical, sales, marketing and support personnel, is a critical component of the future success of the Group's business as is the continued training of such individuals. Competition for such experienced people is high. Group encounters difficulties in attracting or retaining such individuals. If the Group fails to attract, develop and retain suitable personnel it may be unable to provide new and existing customers with high quality service, resulting in a lack of confidence in the Group and its solutions, which may have a material adverse effect on the Group's reputation business, prospects results of operation and financial condition.

Failing to successfully implement its growth strategies

As set out in Part I of this document, the Company intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the success of such growth and expansion strategies currently or proposed to be undertaken by the Group. The failure to successfully implement its growth strategy may have a materially adverse effect the Group's prospects, results of operation and financial condition.

Growth management

The execution of the Group's stated growth and expansion strategies is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology and enhance its operational and financial systems as well as its procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group and therefore may have a material adverse effect on the Group's prospects, results of operation and financial condition. The Group's future success will depend, in part, on its ability to continue to manage this anticipated expansion.

There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support any expansion of operations in the future. If the Group fails to manage its expansion effectively, it may have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

M&A risk

In order to expand, the Group may seek potential acquisition targets. Prior to proposing or making an acquisition, the Company would undertake due diligence on the target. However, such due diligence may not reveal all facts and circumstances in connection with the target. Any such failure to identify all material facts or circumstances in connection with an acquisition may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

In addition, there is a risk that management time and attention is diverted from core operations while carrying out an acquisition and during the integration of the target into the Group, and there may be costs involved in such integration process.

There can be no assurance that acquisitions will be made, and in respect of any acquisitions that are carried out by the Group, there can be no assurance that it will be successful or enable the Group to realise the potential benefits from the acquisition. Any acquisitions that are unsuccessful or do not proceed according to plan may result in a material adverse effect on the Group's prospects, results of operation and financial condition.

The Group is reliant on the technical robustness of the Group's software platform

The success of the Group is dependent on its technical capabilities and it relies to a significant degree on the efficient and uninterrupted operation of its platform and those of its third-party suppliers, including the internet.

Due to its dependency upon technology, and its cloud servers, the Group is exposed to a significant risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third-party suppliers, even for a short period of time, may result in a lack of confidence in the Group's products, with a consequential material adverse effect on the Group's reputation, business, prospects, results of operations and financial condition. The Group's systems are vulnerable to damage or interruption from events including, but not limited to natural disasters, telecommunication failures, power loss, software failures, computer hacking activities, acts of sabotage and acts of war or terrorism.

The Group may invest significant resources to develop new solutions that do not prove effective

The Group's future success depends on its ability to develop new solutions that appeal to customers. There is no guarantee that the Group's solutions will appeal to new or existing customers or perform as intended. Costs spent on developing changes or additions to the Group's solutions may not attract customers and therefore not be recouped. Failure for new products to appeal to customers or perform as intended therefore may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Product and technology risks

Products and technologies used within the Group's current market place are constantly evolving and improving. Therefore there is a risk that the Group's current product offering may become outdated or obsolete as improvements in products and technology are made.

Any failure of the Group to ensure that its products and other technology remain up to date with the latest technology may have a material adverse effect on the Group's business, prospects, results of operation and financial condition. The Group's success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends. To mitigate this risk the Group's research and development department seeks to keep up with the latest developments in the industry.

Undetected defects in the products provided by the Group

The Group's business involves providing customers with reliable solutions. If a product contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts where possible, however, defects in its solutions could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to the management team. A successful claim by a customer to recover such losses may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Security breaches of the Group's, supplier's or customer's systems

Although the Group employs security and testing measures for its solutions, these may not protect against all possible security breaches that could harm the Group's or its customers' businesses. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, its business. In addition, a party who is able to circumvent the Group's security measures could, among other things, misappropriate proprietary information, interrupt the Group's operations or expose customers to viruses or other disruptions in their systems. Actual or perceived vulnerabilities may lead to claims against the Group. Whilst the Group will, where possible, seek to ensure that its customer agreements contain provisions that limit the Group's liability, the Group may need to enforce these provisions to enjoy the benefit of them, with the associated risk and expense.

Intellectual property

The Group relies on intellectual property law to protect its intellectual property rights. Any intellectual property may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Despite precautions which may be taken by the Group to protect its intellectual property, other parties may attempt to copy or obtain and use the Group's intellectual property. In this event it may be necessary for the Group to engage in litigation to protect such rights which may be costly, and may involve a significant commitment of resources and management time.

Supplier and component dependency

The Group relies on a number of specialist suppliers for components and services including microprocessors, computer memory, the manufacture of Smart Gateway and DriveTab units, provision of network services and SIM cards and provision of software services. Whilst the Group seeks to develop relationships with multiple suppliers for each component and service required, any unexpected disruption to or termination of these supply contracts could negatively impact the Group's ability to deliver on customer contracts which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Risk management procedures

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that are publicly available or otherwise accessible to the Group. Failure (or the perception that the Group has failed) to develop, implement and monitor the Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

Product liability risks

The Group's business will expose it to potential product liability risks. If such claims cannot be successfully defended this could lead to substantial liabilities and/or reputational harm. Whilst the Group maintains insurance at a level it believes appropriate against certain risks commonly insured in the industry there can be no guarantee that the limits or coverage are sufficient or that it can be maintained in the future.

Unfavourable contract terms

The Group has a number of contractual relationships which include warranties and indemnities, provided in some cases on an uncapped basis. Whilst these warranties and indemnities are limited in scope and application, they are not, in all cases, limited to the contracting party – they are, in certain cases, extended to third parties. Such warranties and indemnities create an inherent risk that any liability on the Group's part liability for any breach could be material, given the uncapped basis. A successful material claim under such warranties or indemnities may have a material adverse effect on the Group's results of operation and financial condition.

Overseas operations

The Group currently has operations in various jurisdictions, including India, France and Australia. Each of these jurisdictions has different regulatory, tax and legal environments that could change in the future and impact on how the group conducts its business in these countries. If the Group was to fail to comply with laws and regulations of overseas jurisdictions in which it operates, there is a risk that it could be subject to legal and reputational issues, such as government or regulatory enforcement, including the imposition of financial penalties. Such enforcement action may have a material adverse effect on the Group's reputation, results of operation and financial condition.

RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

Economic conditions and current economic weakness

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's services. A more prolonged economic downturn may have a material adverse effect on the Group's prospects, results of operation and financial condition.

The Group's operations could be adversely affected by the effects of health epidemics, including the current Covid-19 pandemic, in regions where the Group or third parties on which it relies have significant manufacturing facilities or other business operations

The Group's business could be adversely affected by health epidemics in regions where it has business operations, and could cause significant disruption in its customers operations.

The growth of the Group is partly dependent on its ability to manufacture and install hardware units on its customer's fleets as new contracts are won or new vehicles are added to existing customers fleets. A health epidemic, including the continuing impacts of the current Covid-19 pandemic, that results in a lockdown could materially impact the Group's access to install hardware units on vehicles or the manufacturing operations of other third parties with whom it conducts business.

A spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the ability of the Group's personnel to carry out their work. The Group or third parties with which it contracts may require employees to temporarily work from home, which could adversely impact the productivity of the Group's workforce or the workforce of third parties on which the Group relies.

The current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers and/or transportation companies, resulting in a shortage of production inputs necessary for the Group to carry out its operations or an inability to deliver finished product to customers. Any quarantines or spread of viruses may affect the ability of the customers of the Group to carry out their operations, which may adversely affect the Group.

The spread of Covid-19, which has caused a broad impact globally, may materially adversely affect the Group economically. While the potential economic impact brought by, and the duration of, Covid-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Group's ability to access capital, which could in the future negatively affect its liquidity. In addition, a recession or market correction resulting from the spread of Covid-19 may adversely and materially affect the Group's business and the value of the Ordinary Shares.

The global pandemic of Covid-19 continues to rapidly evolve. The ultimate impact of the Covid-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The full extent of potential delays or impacts on the Group's business, healthcare systems or the global economy as a whole is not yet known with any certainty. However, such effects could have a material impact on the Group's business, prospects, results of operations and financial condition.

Force majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Taxation

Any change in the Group's tax status or in taxation legislation (including treaties, legislation, regulations and case law) or its interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, in each case in any jurisdiction in which the Group operates, could affect the Group's financial conditions and results and its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

Any change in legislation and in particular tax status or tax residence of the Group or in tax legislation may have an adverse effect on the returns available on an investment in the Group.

The Group has historically been eligible for tax relief for qualifying research and development expenditure in the United Kingdom. It is anticipated that each Group entity will, where available, continue to claim such relief. However, the tax laws and regulations in the United Kingdom (including treaties, legislation, regulations and case law), or the interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, may be subject to change (in each case possibly with retroactive effect). As a result, the Group may not, or may not in the future, be eligible for research and development tax relief in the United Kingdom, which may have a material adverse effect on the Group's results of operations, and financial condition.

Legislation and compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. There can be no assurance that future legislation, rules and practice will not adversely affect the Group's business, prospects, results of operations or financial condition.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business.

Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union-derived laws and regulations to replicate or diverge from, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict the Group's access to capital.

Currency risk

The Group expects to present its financial information in pounds sterling, although part of its business may be conducted in other currencies. As a result it will be subject to foreign currency exchange risks due to exchange rate movements, which will affect the Group's transaction costs and the translation of its results.

Whilst the Group seeks to limit its exposure through foreign currency hedging arrangements there is a risk these will not available in a timely manner and on terms acceptable to the Group.

In the event that the Group is unable to effectively limit its exposure to foreign currency exchange movements, material or persistent adverse movements in exchange rates may have an adverse effect on the Group's prospects, results of operation and financial condition.

In addition he use of derivatives and other instruments to reduce risk also involves costs, and the use of hedging transactions might result in lower performance than if the Group had not sought to hedge exposure against foreign currency exchange risk.

The Group's Ordinary Shares will be traded in pounds sterling.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Transition to a publicly quoted company

One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those association with the AIM Rules, disclosure and financial reporting requirements and enhanced corporate governance. Whilst the Board has made, and will continue to make, every effort to successfully manage the transition, any failure to so do may have a material adverse effect on the Company's reputation, business, prospects, results of operations and financial condition.

Investment risks

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general business, political, social and economic conditions; variations in operating results in the Group's reporting periods; changes in financial estimates by securities and industry analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Group or its competitors; acquisitions or joint ventures entered into by the Group's; any shortfall in revenue or profit or any increase in losses from levels expected by securities and industry analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Group, the Ordinary Shares will rank behind any liabilities of the Group and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet the prior entitlements of creditors.

Future sales of Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing Shareholders were to sell, or if the Group was to issue a substantial number of shares in the market, the market price of the Ordinary Shares may be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to issue Ordinary Shares in the future at a time and price that it deems appropriate.

The Group's ability to pay dividends in the future is not certain

The Group does not intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability of profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Further issuances of Ordinary Shares may be dilutive

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Group, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Group may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further Ordinary Shares under a pre-emption offer, existing Shareholders' proportionate ownership interest in the Group will be diluted. In addition, a further issue of Ordinary Shares by the Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Valuation of Ordinary Shares

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Group and may not relate to the Group's net asset value, net worth, or any established criteria or value. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

Market perception

Market perception of the Group and/or the Group may change, potentially affecting the value of investor's holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

The Ordinary Shares will not be admitted to the Official List

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this document. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The AIM Rules for Companies are less demanding than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. Although the Group is applying for the admission of its Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Impact of research on share price

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Group or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either or none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities and industry analysts are not widely respected within the general investment community, the trading price of the Ordinary Shares could be negatively impacted. If one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline. Furthermore, if one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which could cause the share price and trading volume to decline.

Significant shareholder and concert party influence

On Admission, the Concert Party will hold approximately 60.9 per cent. of the Enlarged Share Capital (calculated on the basis of the assumptions set out in the table at paragraph 6.2 of Part V) and Nadeem Raza will individually hold approximately 50.0 per cent. of the Enlarged Share Capital. Investors may negatively perceive this level and concentration of share ownership due to the influence that the Concert Party, and Nadeem Raza individually, may resultantly exert which may adversely affect the market value of the Ordinary Shares. To illustrate this, notwithstanding the terms of the Relationship Agreement (in relation to Nadeem Raza only), as the Concert Party in aggregate, and Nadeem Raza individually, holds greater than 50 per cent. of the Ordinary Shares in issue from time to time, the Concert Party, or Nadeem Raza individually, could prevent the passing of any ordinary or special resolution which the Company may propose. Furthermore, the Concert Party's interests, and Nadeem Raza's individually, may not be aligned with those of the Group or the other Shareholders which could, for example, delay or prevent an acquisition, a further fundraise or a change of control of the Group.

Price risk following expiry of the lock-ins

The market price of Ordinary Shares could decline as a result of any sales of Ordinary Shares by Locked-in Shareholders (including any Locked-in Shareholders who are also Directors) following the expiry of the relevant lock-in period, details of which are set out in paragraph 14.8 of Part V of this document, or the expectation or belief that any such sale of Ordinary Shares may occur.

Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings

The Articles provide for pre-emption rights to be granted to shareholders in the Company unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights unless either the Ordinary Shares and any other securities that are offered and sold by the Company are registered under the Securities Act 1933 or the Ordinary Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act 1933. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

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PART III

HISTORICAL FINANCIAL INFORMATION

Section A Accountant's Reports on the Historical Financial Information

BDO

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B4 6GA

Accountant's report on Microlise Holdings Limited

The Directors
Microlise Group plc
Farrington Way
Eastwood
Nottingham
NG16 3AG

19 July 2021

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Dear Sir or Madam

Microlise Holdings Limited ("MHL") and its subsidiaries (together, the "MHL Group")

Introduction

We report on the financial information set out in Section B1 of Part III of the admission document dated on 19 July 2021 of Microlise Group Holdings Limited (the "Company") (the "Admission Document").

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the MHL Group as at 30 June 2018 and 30 June 2019 and of its results, cash flows, changes in equity for the respective periods stated above in accordance with International Accounting Standards as adopted by the United Kingdom.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Accountings Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in the notes to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and MHL in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the MHL Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document.

Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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Accountant's report on Microlise Group Holdings Limited

19 July 2021

The Directors
Microlise Group plc
Farrington Way
Eastwood
Nottingham
NG16 3AG

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Dear Sir or Madam

Microlise Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group")

Introduction

We report on the financial information set out in Section B2 of Part III of the admission document dated on 19 July 2021 of the Company (the "Admission Document").

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 June 2019 and 30 June 2020 and of its results, cash flows, changes in equity for the respective periods stated above in accordance with International Accounting Standards as adopted by the United Kingdom.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Accounting Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in the notes to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document.

Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B Historical Financial Information

Section B, Part I

Consolidated historical financial information of Microlise Holdings Limited

Consolidated Statement of Comprehensive Income
for the 2 years ended 30 June 2018 and 30 June 2019

	Note	*Year ended 30 June 2018 £'000*	*Year ended 30 June 2019 £'000*
Revenue	1	48,779	45,404
Cost of sales		(24,517)	(21,521)
Gross profit		24,262	23,883
Other operating income		–	13
Administrative expenses		(20,743)	(22,510)
Operating profit		3,519	1,386
Interest income	4	241	289
Interest expense	5	(209)	(235)
Profit before taxation			
		3,551	1,440
Taxation	6	571	1,693
Profit for the year		4,122	3,133
Other comprehensive income for the year			
Currency translation differences		5	26
Total comprehensive income for the year attributable to the equity shareholders of Microlise Holdings Limited		4,127	3,159
Basic earnings per share (£)	7	15.87	14.03
Diluted earnings per share (£)		14.52	13.69

Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 July 2017	322	–	3,035	348	898	4,603
Comprehensive income for the year						
Profit for the year	–	–	–	–	4,122	4,122
Other comprehensive income	–	–	–	–	5	5
Total comprehensive income for the year	–	–	–	–	4,127	4,127
Share based payments (note 20)	–	–	–	434	–	434
Shares redeemed in the year (note 18)	(21)	–	21	–	(2,001)	(2,001)
Total transactions with owners	(21)	–	21	434	(2,001)	(1,567)
At 30 June 2018	301	–	3,056	782	3,024	7,163
Comprehensive income for the year						
Profit for the year	–	–	–	–	3,133	3,133
Other comprehensive income	–	–	–	–	26	26
Total comprehensive income for the year	–	–	–	–	3,159	3,159
Share based payments (note 20)	–	–	–	33	–	33
Shares issued in the year (note 18)	25	218	–	(815)	815	243
Shares redeemed in the year (note 18)	(64)	–	64	–	(5,898)	(5,898)
Total transactions with owners	(39)	218	64	(782)	(5,083)	(5,622)
At 30 June 2019	262	218	3,120	–	1,100	4,700

Consolidated Statement of Financial Position

as at 1 July 2017, 30 June 2018 and 30 June 2019

	Note	*1 July 2017 £'000*	*30 June 2018 £'000*	*30 June 2019 £'000*
Assets				
Non-current assets				
Property, plant and equipment	8	3,417	7,852	9,164
Intangible assets	9	1,601	1,836	2,391
Deferred tax	10	728	817	1,406
Trade and other receivables	12	8,390	6,825	4,866
Total non-current assets		14,136	17,330	17,827
Current assets				
Inventories	11	1,898	1,981	2,461
Trade and other receivables	12	10,642	13,761	17,302
Corporation tax recoverable		58	600	1,761
Cash and cash equivalents	13	7,086	7,893	5,235
Total current assets		19,684	24,235	26,759
Total assets		33,820	41,565	44,586
Current liabilities				
Financial liabilities	14	(1,125)	(1,482)	(1,523)
Trade and other payables	15	(18,299)	(17,861)	(19,800)
Corporation tax payable		–	(43)	–
Total current liabilities		(19,424)	(19,386)	(21,323)
Non current liabilities				
Financial liabilities	14	(2,550)	(2,441)	(1,766)
Trade and other payables	15	(7,243)	(12,575)	(16,797)
Total non current liabilities		(9,793)	(15,016)	(18,563)
Total liabilities		(29,217)	(34,402)	(39,886)
Net assets		4,603	7,163	4,700
Equity				
Issued share capital	18	322	301	262
Share premium		–	–	218
Capital redemption reserve		3,035	3,056	3,120
Share based payment reserve		348	782	–
Retained earnings		898	3,024	1,100
Total equity		4,603	7,163	4,700

Consolidated Statement of Cash Flows

for the years ended 30 June 2018 and 30 June 2019

	Note	*Year ended 30 June 2018 £'000*	*Year ended 30 June 2019 £'000*
Cash flows from operating activities			
Cash generated from operations	A	9,480	9,654
Tax (paid)/received		(35)	306
Net cash generated from operating activities		9,445	9,960
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,087)	(1,661)
Additions to intangible assets		(261)	(675)
Proceeds from sale of property, plant and equipment		400	74
Loans advanced to parent company		–	(2,134)
Interest received		11	3
Net cash used in investing activities		(5,937)	(4,393)
Cash flows from financing activities			
Interest paid		(209)	(235)
Lease payments		(878)	(743)
Shares issued		–	242
Purchase of shares		(2,001)	(5,896)
Repayment of bank loans		(503)	(1,112)
Other loans advanced		1,500	–
Repayment of other loans		(615)	(502)
Net cash generated used in financing activities		(2,706)	(8,246)
Net increase/(decrease) in cash and cash equivalents		802	(2,679)
Cash and cash equivalents at beginning of year		7,086	7,893
Exchange movements		5	21
Cash and cash equivalents at end of year	B	7,893	5,235

Notes to the cash flow statements
for the years ended 30 June 2018 and 30 June 2019

A. Cash generated from operations

The reconciliation of profit for the year to cash generated from/(used in) operations is set out below:

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Profit for the year	4,122	3,133
Adjustments for:		
Depreciation	2,019	1,985
Amortisation	26	120
(Profit)/loss on disposal of fixed assets	(24)	18
Share schemes	434	33
Net interest costs	(32)	(54)
Tax credit	(571)	(1,693)
	5,974	3,542
(Increase) in inventories	(83)	(480)
(Increase)/decrease in trade and other receivables	(3,050)	1,720
Increase in trade and other payables	6,639	4,872
Cash generated from operations	9,480	9,654

£1,723,000 of additions to right of use assets and lease liabilities represent non cash movements in the year ended 30 June 2019 (2018: £743,000).

B. Analysis of net funds

	At 1 July 2017 £'000	*Cash flow £'000*	*Non-cash changes £'000*	*At 30 June 2018 £'000*
Bank loans	(1,615)	503	–	(1,112)
Other loans	(1,148)	(885)	–	(2,033)
Lease liabilities	(912)	923	(789)	(778)
Liabilities arising from financing activities	(3,675)	541	(789)	(3,923)
Cash and cash equivalents	7,086	802	5	7,893
Net (debt)/funds	3,411	1,343	(784)	3,970

	At 1 July 2018 £'000	*Cash flow £'000*	*Non-cash changes £'000*	*At 30 June 2019 £'000*
Bank loans	(1,112)	1,112	–	–
Other loans	(2,033)	502	–	(1,531)
Lease liabilities	(778)	799	(1,779)	(1,758)
Liabilities arising from financing activities	(3,923)	2,413	(1,779)	(3,289)
Cash and cash equivalents	7,893	(2,679)	21	5,235
Net debt	3,970	(266)	(1,758)	1,946

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

Microlise Holdings Limited is a holding company and its subsidiaries are telematics businesses providing technological transport solutions that enable customers to reduce costs and environmental impact by maximising the efficiency of their transportation. The company is a private company, limited by shares, incorporated and domiciled in England. The address of the registered office is Farrington Way, Eastwood, Nottingham, NG16 3AG.

Accounting policies

A. *Basis of preparation*

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 June 2018 or year ended 30 June 2019, but is derived from those accounts. Statutory accounts for 2018 and 2019 have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The consolidated historical financial information (the 'historical financial information') presents the financial track record of the Microlise Holdings Limited group for the years ended 30 June 2018 and 2019. The consolidated historical financial information has been prepared for the purpose of admission to the Alternative Investment Market ("AIM") operated by the London Stock Exchange. It has been derived from the consolidated financial statements of Microlise Holdings Limited and its subsidiaries prepared in accordance with UK GAAP, and subsequently adjusted to comply with International Financial Reporting Standards and International Accounting Standards and Interpretations (collectively IFRSs) in conformity with the Companies Act 2006 except as noted below. IFRS has been applied with a transition date on 1 July 2017. The accounting policies have been applied consistently to all periods presented.

These are the first period of financial statements prepared under IFRS. IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. Microlise Holdings Limited have applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions that occurred prior to the transition date. Use of this exemption means that the UK GAAP carrying amount of assets and liabilities that are to be recognized under IFRS, is their deemed cost at the date of acquisition. After the date of acquisition, measurement is in accordance with IFRS. Assets and liabilities which do not qualify for recognition under IFRS are excluded from the opening IFRS balance sheet. Microlise Holdings Limited did not recognize or exclude any previously recognized amounts as a result of IFRS recognition requirements; and
- the estimates at each period end are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by Microlise Holdings Limited to present these amounts in accordance with IFRS reflect conditions at the date of transition to IFRS and as at each period end.

The historical financial information has been prepared under the historical cost convention unless otherwise specified within these accounting policies. The historical financial information and the notes to the historical financial information are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Group, except where otherwise indicated.

The principal accounting policies adopted in preparation of the historical financial information are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

Judgements made by the Directors in the application of the accounting policies that have a significant effect on the historical financial information and estimates with significant risk of material adjustment in the next year are discussed in note C.

Going concern

As part of the preparation for admission to AIM, working capital forecasts have been prepared for the period to 2024/5.

Based on the forecasts, the Directors are satisfied that the Group can meet it's day-to-day cash flow requirements and operate within all the terms of it's banking facilities. Accordingly, this consolidated historical financial information has been prepared on a going concern basis.

A range of sensitivities have been run on the working capital model, and the directors consider a scenario in which the business will face liquidity issues or breach covenant conditions is remote. As part of the sensitivity analysis the directors have considered the impact of a reduction in turnover from their principal customer and the impact on working capital and are satisfied that in such a scenario the Group has sufficient liquid resources to restructure and continue as a going concern servicing the remaining customer base.

The Group has a substantial recurring revenue base. At the year end, the Group had cash balances of £5,235,000. The projections at the date of preparing this historical financial information show that the Group has sufficient cash resources for the foreseeable future.

B. ***Accounting policies***

Consolidation

The historical financial information includes the results of Microlise Holdings Limited and its subsidiary undertakings. The results of the subsidiary undertakings are included from the date that effective control passed to the company.

On acquisition, all the subsidiary undertakings' assets and liabilities at that date of acquisition are recorded under purchase accounting at fair value, having regard to condition at the date of acquisition. All changes to those assets and liabilities and the resulting gains and losses that arise after the company gained control are included in the post-acquisition results. Sales, profits and balances between Group companies are eliminated on consolidation.

The Group has taken advantage of the exemption not to disclose transactions between wholly owned entities in the Group.

All entities in the Group are wholly owned and there are no non-controlling interests.

Revenue recognition

The Group enters into the sale of multi-element contracts, which combine separate performance obligations including hardware, installation, managed service contracts (software-as-a-service or SaaS), software licences, professional services (which includes bespoke software development, project management (incorporating activities including project and installation planning, managing change control and stage boundaries and project reporting), consultancy, training), and support and maintenance services relating to these products. In accordance with IFRS 15, these are considered to be distinct.

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 based on expected cost plus margin.

Revenue is recognised depending upon the revenue stream to which it relates, as follows:

- The fair value of hardware, and installation revenue is recognised at a point in time when control is transferred to the customer on despatch and/or upon installation;
- Revenue from the SaaS arrangement is recognised over a period of time, based on the term of the contract on a straight line basis. Revenue recognition over time is considered appropriate based on provisions of IFRS 15 paragraph 35 as the customer simultaneously receives and consumes the benefits provided by the Group. The contractual term for average SaaS agreements are approximately 5 years.

- Professional services typically include implementation, configuration, training and other similar services to create optimised interfaces between the Group's software and customers systems. Revenue from professional services is recognised over a period of time using the input method as professional services are being performed, as this best depicts the timing of how the value is transferred to the customer.
- Support and maintenance turnover is deferred at the point of sale and recognised in the Statement of Comprehensive Income over a period of time of the contractual life, utilising the output method, generally on a straight line basis as the customer simultaneously receives and consumes the benefits provided by the Group;

Invoicing for all revenue streams is undertaken in accordance with the terms of the agreement with the customer. When an invoice is due for payment at the statement of financial position date but the associated performance obligations have not been fulfilled the amounts due are recognised as trade receivables and a contact liability is recognised for the sales value of the performance obligations that have not been provided. If payment is received in advance of the delivery of the associated performance obligation a contract liability is recognised.

In cases where customers pay for the goods and services over an agreed period, the fair value of the consideration is determined by discounting future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as finance income over the payment period.

Contract costs

Under IFRS 15, the Group capitalises commission fees as costs of obtaining a contract when they are incremental and – if they are expected to be recovered – it amortises them consistently with the pattern of revenue for the related contract. If the expected amortisation period is one year or less, then the commission is expensed when incurred. Contract costs are capitalised to trade and other receivables, due within and after one year.

The Group in certain circumstances incurs costs to deliver its services and fulfil specific contracts. These costs may include process mapping and design, scoping and configuration Contract fulfilment costs are divided into costs that deliver an asset and costs that are expensed as incurred.

Under IFRS 15, the Group capitalises these contract fulfilment costs when they directly relate to a specifically identifiable contract or anticipated contract, will enhance or generate resources used to satisfy future performance obligations and they are expected to be recovered. Where capitalised, it amortises them consistently with the pattern of revenue for the related contract.

At each reporting date, the Group determines whether or not the contract assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

Employee benefits

The Group operates a defined contribution pension scheme. Contributions are recognised in the Statement of Comprehensive Income in the year in which they become payable in accordance with the rules of the scheme.

Short term employee benefits including holiday pay are recognized as an expense in the period in which the service is rendered.

Share based payments

Certain employees were awarded share options in Microlise Holdings Limited.

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employees maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments, are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Taxation

The taxation expense or credit comprises current and deferred tax recognised in the profit for the financial period or in other comprehensive income or equity if it arises from amounts recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid (or recovered) in respect of the taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset and where the deferred tax balances relate to the same taxation authority.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling on the date of the transaction. Monetary assets or liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rate ruling on that date and all translation differences are charged or credited in the Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the net assets acquired at the acquisition date. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Intangible assets acquired separately from a business are recognised at cost. Intangible assets acquired as part of an acquisition are recognised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not recognised, other than for qualifying development expenditure, and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated recognised and accumulated impairment. Intangible assets are amortised on a straight line basis within administrative expenses over their estimated useful lives as follows:

Asset class	*Amortisation period*
Technology assets	3-5 years

Intangible assets are tested for impairment when an event that might affect asset values has occurred. Any such impairment in carrying value is written off to the Statement of Comprehensive Income immediately.

Research and development expenditure

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised as “Technology” within intangible assets consist of employee costs incurred on development. Where the above criteria are not met, development expenditure is charged to the consolidated income statement in the period in which it is incurred. The expected life of internally generated intangible assets varies based on the anticipated useful life, currently ranging from three to five years.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated period in which the intangible asset has economic benefit and is reported within administrative expenses in the consolidated statement of comprehensive income.

Research expenditure is recognised as an expense in the period in which it is incurred.

Financial assets

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The Group measures loss allowances at an amount equal to lifetime ECL, which is estimated using past experience of the Group's historical credit losses experienced over the three year period prior to the period end. Historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation rates. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost to the extent that these are material. The Group has determined that there is no material impact of ECLs on the historical financial information.

Financial liabilities

Financial liabilities, including trade and other payables, lease liabilities and bank borrowings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Borrowings are subsequently stated at amortised cost using the effective interest method.

Right-of-use assets and lease liabilities

Under IFRS 16, leases are recognised as right-of-use assets, presented as a separate category within property, plant and equipment included in the statement of financial position, and with a corresponding lease liability from the date at which the leased asset is available for use by the company. This has been adopted and applied on a full retrospective basis.

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under the terms of the lease. Reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal, presented as a separate category within liabilities, and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs. Leasehold dilapidations are recognised in relation to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms.

Depreciation is charged on a straight line basis over the period of the lease and assets are subject to impairment reviews where circumstances indicate their value may not be recoverable of if they are not being utilised.

Payments associated with short-term leases of property, plant and equipment and leases of low-value assets continue to be recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

Property, plant and equipment

Property, plant and equipment assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all property, plant and equipment assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Asset class	*Depreciation method rate*
Freehold property	Straight line basis at 2 per cent.
Leasehold improvements	Straight line basis over the remaining term of the lease
Equipment, fixtures and fittings	Straight line basis from 20-33 per cent.

Inventories

Inventories are valued at the lower of purchase cost and net realisable value, after due regard for any slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Share capital and reserves

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The parent company's ordinary shares are classified as equity instruments.

Retained earnings comprises opening retained earnings and total comprehensive income for the year, net of dividends paid.

New or revised accounting standards and interpretations

IFRS interpretations and amendments issued but not yet applicable to the Group in this historical financial information have been reviewed and assessed. There are no other new standards, interpretations and amendments which are not yet effective in these financial statements, expected to have a material effect or to be relevant to the Group's future financial statements.

All IFRS effective at the reporting date of 30 June 2019 have been applied at the date of transition in accordance with IFRS 1.

C. ***Critical accounting estimates and assumptions***

Critical judgements in applying the accounting policies

The preparation of the historical financial information under IFRS requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies.

Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable in the circumstances. The key estimates used in the preparation of this historical financial information that could result in a material change in the carrying value of assets or liabilities within the next twelve months are as follows:

Estimates and assumptions

Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation.

There is no current indication that the Group's businesses will not continue to trade profitably and hence the life may differ or be longer than the estimates used to amortise intangible assets.

Impairment of intangible assets including goodwill

Intangible assets acquired in a business combination are capitalised with goodwill subject to annual impairment tests and other intangibles amortised over their estimated useful lives subject to an assessment of impairment. Subsequent impairment tests for intangible assets are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows are based on forecasts which include estimated factors and are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group. Further detail is given in note 8.

Right-of-use assets and lease liabilities

In respect of right-of-use leased assets key estimates are a combination of the incremental borrowing rate used to discount the total cash flows and the term of the leases where breaks or extensions fall within the Group's control. These are used to derive both the opening asset value and lease liability as well as the consequential depreciation and financing charges A 1 per cent. change in the discount rate used would increase interest charges and decrease depreciation by approximately £10,000 a year with an immaterial impact on assets and liabilities.

Notes to the historical financial information

1. Analysis of revenue and non-GAAP adjusted results

The chief operating decision maker ("CODM") is identified as the Board. It continues to define all the Group's trading as operating in the telematics market and considers all revenue to relate to the same, therefore the Group has one operating segment. The Board as the CODM review the revenue streams of recurring and non-recurring revenue as part of their internal reporting. Recurring revenue represents the sale of the Group's full vehicle telematics solutions, support and maintenance. Non-recurring revenue represents the sale of hardware, installation, and professional services. Revenue is defined as per the accounting policies.

Revenue in respect of the set up, supply of hardware and software installation is recognised at a point in time. Professional services including project management, managed services and support services income is recognised over the period when services are provided.

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
By type		
Revenue recognised at a point in time		
Supply of hardware and installation	23,236	16,923
	23,236	16,923
Revenue recognised over time		
Professional services including project management	1,814	1,586
Managed service agreement income	19,634	22,943
Other support and maintenance services	4,095	3,952
	25,543	28,481
	48,779	45,404
By destination:		
UK	38,033	39,361
Rest of Europe	3,352	2,386
Rest of the World	7,394	3,657
Total revenue	48,779	45,404

Revenue in respect of one customer amounted to £12.6m representing 28 per cent. of the revenue for the year ended 30 June 2019 (2018: £11.6m and 24 per cent. from the customer with £6.1m representing 12.5 per cent. from another customer).

Adjusted results

The Group's primary results measure, which is considered by the Directors to better represent the underlying and continuing performance of the Group, is adjusted EBITDAR as set out below. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation as a proxy for cash generated from trading. The Group further adjusts for Research costs expensed through profit and loss in order to enable comparability between companies in the industry with differing approaches to the continued investment in research into technological solutions. This alternative performance measure ("APM") also allows for comparability of companies applying different accounting policies with regard to the application of the criteria for capitalisation. The directors consider that this APM offers better metrics to assess the company's performance as a return from the revenue generated from the current customer base.

The measure has also been adjusted by the share based payment charge as this is non cash in nature.

	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
Operating profit before interest	3,519	1,386
Exceptional items – acceleration of share based payment expense	315	33
Depreciation	2,019	1,985
Amortisation of intangible assets	26	120
Research and development costs	5,085	4,629
Adjusted EBITDAR	10,964	8,153

The Group's non-current assets comprising tangible and intangible fixed assets and the net assets by geographical location are:

	30 June 2018		*30 June 2019*	
	Non-current assets £'000	*Net assets £'000*	*Non-current assets £'000*	*Net assets £'000*
United Kingdom	5,715	6,613	5,370	3,465
France	–	–	29	(12)
Australia	–	67	–	579
India	134	483	914	668
	5,849	7,163	6,313	4,700

2. Operating profit

The operating profit is stated after charging/(crediting):

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Auditors remuneration for audit	35	32
Non-audit services	48	–
Depreciation of property, plant and equipment	1,144	1,242
Depreciation of right-of-use assets	875	743
Amortisation of intangible assets	26	120
Research and development costs (see note 1)	5,085	4,629
Cost of inventory sold	14,996	11,303
Foreign exchange gains	47	(5)

3. Information regarding directors and employees

Employees

The aggregate remuneration of employees comprised:

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Wages and salaries	16,787	17,700
Social security costs	1,511	1,619
Pensions	458	529
Share based payments	434	33
Total	19,190	19,881

Average annual number of employees

The average annual number of employees was:

	Year ended 30 June 2018	*Year ended 30 June 2019*
Sales and distribution	51	53
Operations and development	345	358
Production and warehouse	24	23
Administration	55	50
Total	475	484

Directors' remuneration

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Directors' remuneration – aggregate emoluments	651	648
Company pension contributions in respect of 5 (2018: 5) directors	12	10
	663	658
Remuneration of the highest paid director	235	251
Company pension contributions	3	1
	238	252

Key management compensation

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Short term employee benefits	731	717
Post employment benefits	12	10
Total	743	727

Key management is defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group.

4. Interest receivable

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
Interest receivable		
Bank interest receivable	90	115
Unwinding of discount on financing transactions	151	174
	241	289

5. Interest payable

	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
Interest payable		
Interest on bank and other borrowings	163	179
Lease liability financing charges	46	56
	209	**235**

6. Taxation on profit

	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
Current taxation		
Current tax on profits for the year	245	1,310
Adjustments in respect of previous periods	236	(106)
Foreign taxation	–	(100)
	481	1,104
Deferred taxation		
Origination and reversal of timing differences	90	689
Charge/(credit) due to change in tax rate	–	–
Adjustments in respect of previous periods	–	(100)
	90	589
Tax credit on profit	571	1,693

Factors affecting the tax credit for the year

The tax credit on the profit for the year differs from applying the standard rate of corporation tax in the UK of 19 per cent. (2018: 19.75 per cent.). The differences are reconciled below:

	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
Profit before taxation	3,551	1,440
Corporation tax at standard rate	701	274
Factors affecting credit for the year:		
Property, plant and equipment differences	–	24
Disallowable expenses	–	56
Tax deduction arising on exercise of options of share based payments	–	(1,467)
Research and development allowances	(1,243)	(1,276)
Surrender of losses for R&D tax credit	76	407
Adjustments in respect of prior years	(236)	206
Effect of different tax rates	–	–
Other	131	83
Tax credit on profit	(571)	(1,693)

The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 19 per cent. to 17 per cent. from 1 April 2020. In March 2020, the Chancellor of the Exchequer announced that the tax rate reduction was no longer going to be implemented. The rate from 1 April 2020 remains at 19 per cent. rather than the previously enacted reduction to 17 per cent., however the deferred tax balances at 30 June 2018 and 2019 were calculated using the rate enacted at that time.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19 per cent. to 25 per cent. from April 2023. As this rate was not substantively enacted at the statement of financial position date it has not been used to calculate the deferred tax balances.

7. Earnings per share

	Year ended 30 June 2018 £'000	*Year ended 30 June 2019 £'000*
(Loss)/profit used in calculating EPS (£'000)	4,122	3,133
Number of shares for basic EPS	259,740	223,309
Number of shares for diluted EPS	283,889	228,801
Basic earnings per share (£)	15.87	14.03
Diluted earnings per share (£)	14.52	13.69

8. Property, plant and equipment

	Freehold property £'000	*Right-of-use property £'000*	*Leasehold building Improvements £'000*	*Right-of-use equipment £'000*	*Equipment, Fixtures and Fittings £'000*	*Total £'000*
Cost						
At 1 July 2017	634	630	–	628	7,152	9,044
Additions	4,609	424	–	319	1,478	6,830
Disposals	(345)	(290)	–	(150)	(66)	(851)
At 30 June 2018	4,898	764	–	797	8,564	15,023
Depreciation						
At 1 July 2017	6	96	–	257	5,268	5,627
Charge for the year	3	622	–	253	1,141	2,019
Disposals	(9)	(290)	–	(150)	(26)	(475)
At 30 June 2018	–	428	–	360	6,383	7,171
Cost						
At 1 July 2018	4,898	764	–	797	8,564	15,023
Additions	396	1,437	384	286	881	3,384
Disposals	–	(476)	–	(248)	(109)	(833)
Exchange adjustments	–		–	–	8	8
At 30 June 2019	5,294	1,725	384	835	9,344	17,582
Depreciation						
At 1 July 2018	–	428	–	360	6,383	7,171
Charge	100	440	7	303	1,135	1,985
Disposals	–	(476)	–	(248)	(17)	(741)
Exchange adjustments	–		–	–	3	3
At 30 June 2019	100	392	7	415	7,504	8,418
Net book value						
At 30 June 2019	5,194	1,333	377	420	1,840	9,164
At 30 June 2018	4,898	336	–	437	2,181	7,852
At 1 July 2017	628	534	–	371	1,884	3,417

9. Intangible assets

	Goodwill £'000	Technology assets £'000	Total £'000
Cost			
At 1 July 2017	1,601	–	1,601
Additions	–	261	261
At 30 June 2018	1,601	261	1,862
Amortisation			
At 1 July 2017	–	–	–
Charge for the year	–	26	26
At 30 June 2018	–	26	26
Net book value			
At 30 June 2018	–	235	1,836
Cost			
At 1 July 2018	1,601	261	1,862
Additions	–	675	675
At 30 June 2019	1,601	936	2,537
Amortisation			
At 1 July 2018	–	26	26
Charge	–	120	120
At 30 June 2019	–	146	146
Net book value			
At 30 June 2019	1,601	790	2,391

Goodwill is considered to relate to the whole business and to one cash generating unit.

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The carrying value of goodwill is assessed for impairment purposes by calculating the value in use using the net present value (NPV) of future cash flows arising from the businesses discounted at a pre-tax rate of 10.2 per cent.

The goodwill has been tested by reference to a 4-year management approved plan with a 2 per cent. long term growth rate considered applicable to the UK market applied to the terminal period. There are considered to be no sensitivities that may reasonably be expected to impact on the assessment made of the 30 June 2019 and 2018 goodwill.

10. Deferred tax assets

	Accelerated capital allowances £'000	Tax losses £'000	Other £'000	Total £'000
At 1 July 2017	4	589	135	728
Charge for the year	1	135	(47)	89
At 30 June 2018	5	724	88	817
Charge for the year	32	759	(202)	589
At 30 June 2019	37	1,483	(114)	1,406

The deferred tax has been recognised at a rate of 17 per cent.

11. Inventories

	1 July 2017 £'000	30 June 2018 £'000	30 June 2019 £'000
Raw materials and consumables	868	961	1,149
Work in progress	84	33	128
Finished goods and goods for resale	946	987	1,184
Total	1,898	1,981	2,461

An impairment loss of £27,000 in respect of inventory was recorded in the year ended 30 June 2019 (2018: £214,000).

12. Trade and other receivables

	1 July 2017 £'000	30 June 2018 £'000	30 June 2019 £'000
Current			
Trade receivables	7,533	10,544	10,769
Provision for impairment of trade receivables	–	–	(79)
Trade receivables net	7,533	10,544	10,690
Amounts owed by group undertakings	–	–	3,584
Contract cost assets	548	511	638
Other receivables	364	741	312
Prepayments	2,197	1,965	2,078
Total	10,642	13,761	17,302
Non-current			
Trade receivables	6,745	4,987	2,951
Contract cost assets	1,645	1,838	1,915
Total	8,390	6,825	4,866
Total	19,032	20,586	22,168

The movements in contract related balances in the year are as follows:

Current	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
Contract cost assets		
Opening balance	2,193	2,349
Amortised to income statement	(746)	(819)
Incurred in the year	902	1,023
Closing balance	2,349	2,553

13. Cash and cash equivalents

	1 July 2017 £'000	30 June 2018 £'000	30 June 2019 £'000
Cash at bank and in hand	7,086	7,893	5,235
Total	7,086	7,893	5,235

14. Financial liabilities

	1 July 2017 £'000	30 June 2018 £'000	30 June 2019 £'000
Bank loans	502	523	–
Other loans	127	502	802
Lease liabilities	496	457	721
Total	1,125	1,482	1,523
Non-current			
Bank loans	1,113	589	–
Other loans	1,021	1,531	729
Lease liabilities	416	321	1,037
Total	2,550	2,441	1,766
Total	3,675	3,923	3,289

Bank loans were secured by fixed and floating charges over the assets of the Group and bear interest at 3.5 per cent.

Other loans are used to finance specific trading arrangements, have a term of 4 years and bear interest at 15 per cent.

The Group has entered into lease contracts in respect of property, use of data centres and vehicles and are typically for terms of 3 to 5 years. In respect of data centre contracts there are options to extend the initial period with these factored into the liabilities where the Group plans to use these for a longer period.

Leases

The Group has entered into lease contracts in respect of property in the jurisdictions from which it operates, use of data centres and vehicles which are typically for terms of 3 to 5 years. In respect of data centre contracts there are options to extend the initial period with these factored into the liabilities where the Group plans to use these for a longer period. For property leases, it is customary for lease contracts to be reset periodically to market rental rates. Leases of equipment, data centre usage and vehicles comprise only fixed payments over the lease terms.

Right of use assets, additions and amortisation are included in note 8. Interest expenses relating to lease liabilities are included in note 5.

Other amounts relating to leases were as follows:

	30 June 2018 £'000	*30 June 2019 £'000*
Short term lease expense	119	27
Low value lease expense	24	58
Total cash outflow	877	736

At 1 July 2017

	Property £'000	*Equipment and vehicles £'000*	*Total £000*
Within 1 year	299	197	496
1-2 years	183	135	318
2-5 years	48	42	90
More than 5 years	8	–	8
Total	538	374	912

At 30 June 2018

	Property £'000	*Equipment and vehicles £'000*	*Total £000*
Within 1 year	220	238	458
1-2 years	68	150	218
2-5 years	55	47	102
More than 5 years	–	–	–
Total	343	435	778

At 30 June 2019

	Property £'000	*Equipment and vehicles £'000*	*Total £000*
Within 1 year	357	244	601
1-2 years	477	219	696
2-5 years	413	48	461
More than 5 years	–	–	–
Total	1,247	511	1,758

15. Trade and other payables

	1 July 2017 £'000	30 June 2018 £'000	30 June 2019 £'000
Current			
Trade payables	4,886	5,418	2,520
Taxation and social security	1,357	1,210	1,670
Amounts owed to group undertakings	–	–	1,450
Other payables	1,003	868	1,023
Accruals	3,286	3,037	2,776
Contract liabilities	7,767	7,328	10,361
Total	18,299	17,861	19,800
Non-current			
Contract liabilities	7,243	12,575	16,797
Total	7,243	12,575	16,797
Total	25,542	30,436	36,597

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Contract liabilities relates principally to service income received in advance.

At 1 June 2017	*Less than one year £'000*	*1-2 years £'000*	*2-3 years £'000*	*3-4 years £'000*	*4-5 years £'000*	*Total £'000*
Contract liabilities	7,767	3,225	1,922	1,390	706	15,010

At 30 June 2018	*Less than one year £'000*	*1-2 years £'000*	*2-3 years £'000*	*3-4 years £'000*	*4-5 years £'000*	*Total £'000*
Contract liabilities	7,328	4,977	3,786	2,849	963	19,903

At 30 June 2019	*Less than one year £'000*	*1-2 years £'000*	*2-3 years £'000*	*3-4 years £'000*	*4-5 years £'000*	*Total £'000*
Contract liabilities	10,361	7,152	5,409	3,203	1,033	27,158

The movements in contract related balances in the year are as follows:

	Contract liabilities £'000	*Contract liabilities £'000*
Revenue related contract liabilities		
Opening balance	(15,010)	(19,903)
Invoiced in the year	(25,317)	(31,763)
Recognised as revenue in the year	20,424	24,508
Closing balance	(19,903)	(27,158)

16. Financial Instruments

Financial risk management

The determination of financial risk management policies and the treasury function is managed by the CFO. Policies are set to reduce risk as far as possible without unduly affecting the operating effectiveness of the Group.

The Group's activities expose it to a variety of financial risks, the most significant being credit risk, liquidity risk and interest rate risk together with a degree of foreign currency risk as discussed below.

Categories of financial instruments

The Group has the below categories of financial instruments:

	1 July 2017 £'000	*30 June 2018 £'000*	*30 June 2019 £'000*
Recognised at amortised cost			
Cash and bank balances	7,086	7,893	5,235
Trade receivables – net	14,278	15,531	13,641
Amounts owed by group undertakings	–	–	3,584
Other receivables	364	741	312
Total financial assets	21,728	24,165	22,772
Trade payables	(4,886)	(5,418)	(2,520)
Other payables	(4,289)	(3,905)	(5,248)
Bank loans	(1,615)	(1,112)	–
Other loans	(1,148)	(2,033)	(1,531)
Lease liabilities	(912)	(778)	(1,758)
Total financial liabilities	(12,850)	(13,246)	(11,057)

There were no assets or liabilities at 30 June 2019 or 2018 that were recognised and measured at fair value in the historical financial information.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Group. Financial instruments, which potentially subject the group to concentration of credit risk, consist primarily of cash and cash equivalents, and trade accounts receivable.

The Group places its cash and cash equivalents with major financial institutions, which management assesses to be of high-credit quality in order to limit the exposure of each cash deposit to a minimal level.

Trade receivables

Trade accounts receivable are derived primarily from non recurring hardware sales and monthly service income and generally have 30-60 day terms. With the exception of one large customer who accounts for 24.5 per cent. (2018:27.1 per cent.) of the trade receivable balance, credit risk with respect to accounts receivable is dispersed due to the large number of customers. Collateral is not required for accounts receivable. The credit worthiness of customers with balances in trade receivables not yet due has been assessed as high.

The aging of past due trade receivables according to their original due date is detailed below:

Past due	*1 July 2017 £'000*	*30 June 2018 £'000*	*30 June 2019 £'000*
0-60 days	1,025	1,797	2,077
61-120 days	285	267	1,087
121+ days	471	473	699
Expected credit loss provision	–	–	(79)
Total	1,781	2,537	3,784

A majority of the expected credit loss provision relates to balances that are more than 120 days overdue. The expected credit loss on balances less than 120 days is immaterial. A substantial majority of the overdue debt has been collected since the period end date with the unprovided amounts considered to be collectible.

As at 30 June 2019 the lifetime expected loss provision for trade receivables was as follows:

Past due	*Expected loss rate*	*Gross carrying amount £'000*	*Loss provision £'000*
0-60 days	0.0%	2,077	–
60-120 days	2%	1,087	21
121+ days	8%	699	58
Total		3,863	79

As at 30 June 2018 the lifetime expected loss provision for trade receivables is as follows:

Past due	*Expected loss rate*	*Gross carrying amount £'000*	*Loss provision £'000*
0-60 days	0.0%	1,797	–
60-120 days	0.0%	267	–
121+ days	0.0%	473	–
Total		2,537	–

As at 1 July 2017 the lifetime expected loss provision for trade receivables is as follows:

Past due	*Expected loss rate*	*Gross carrying amount £'000*	*Loss provision £'000*
0-60 days	0.0%	1,025	–
60-120 days	0.0%	285	–
121+ days	0.0%	471	–
Total		1,781	–

At each of the Statement of Financial Position dates, a portion of the trade receivables were impaired and provided for. The movement in the provision for trade receivables in each of the years is as follows:

	Year ended 30 June 2018 £'000	Year ended 30 June 2019 £'000
At 1 July	–	–
Provision charged	152	79
Receivables written off in the year	(152)	–
At 30 June	–	79

Oher receivables are considered to bear similar risks to trade receivables or are owed by government bodies. Hence any expected credit loss on other financial assets is considered to be immaterial. There is no change in the credit risk assessment of amounts due from group companies, and therefore no impairment is necessary on these balances.

Liquidity risk

The Group funds its business through bank and other loans and from cash generated from operations. Details of the Group's borrowings are discussed in note 13. The Group monitors and manages cash within its banking facilities to mitigate any liquidity risk it may face. The following table shows the Group's contractual maturities of financial liabilities based on undiscounted cash flows and the earliest date on which the group is obliged to make repayment:

At 1 July 2017	*Less than one year £'000*	*1-2 years £'000*	*2-5 years £'000*	*Total £'000*
Trade and other payables	4,886	–	–	4,886
Bank loans	502	599	514	1,615
Other loans	193	493	693	1,379
Lease liabilities	525	331	123	979
Total	6,106	1,423	1,330	8,859

At 30 June 2018	*Less than one year £'000*	*1-2 years £'000*	*2-5 years £'000*	*Total £'000*
Trade and other payables	9,323	–	–	9,323
Bank loans	553	599	–	1,152
Other loans	625	925	810	2,360
Lease liabilities	495	235	88	818
Total	10,996	1,759	898	13,653

At 30 June 2019	*Less than one year £'000*	*1-2 years £'000*	*2-5 years £'000*	*Total £'000*
Trade and other payables	7,768	–	–	7,768
Other loans	925	631	179	1,735
Lease liabilities	778	693	521	1,992
Total	9,471	1,324	700	11,495

Currency risk

The Group operates predominantly in the UK with sterling being its functional currency and has a degree of exposure to foreign currency risk, with this spread across Euros, US dollars and Australian dollars for sales operations and Indian rupees for the costs of development and operational support activity. The impact of a 10 per cent. fluctuation in all foreign exchange rates moving in the same direction against GBP has been assessed to be an overall impact on reported profits of up to £300,000 which would be mitigated by some matching of income and expenses.

The net exposure to the dollar has reduced and ongoing costs in Indian rupees are now being managed by the use of forward contracts to fix the rate within the next year. The net underlying foreign currency balances, comprising overseas assets and liabilities, cash, receivables and payables in the UK, in the Group statement of financial position in each currency at the period end were:

	USD	*Euro*	*AUD*	*INR*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At 1 July 2017	2,294	143	1,126	163	3,726
At 30 June 2018	615	218	218	483	1,534
At 30 June 2019	2,115	420	1,299	668	4,503

Capital management

The Group's capital comprises share capital, other reserves and retained earnings. The Group's objectives when maintaining capital are:

To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. The longer term funding requirements for acquisitions have been financed from cash reserves and term bank debt. All working capital requirements are financed from existing cash resources.

The Group sets the amount of capital it requires in proportion to risk in conjunction with the retained earnings. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

17. Pensions

Defined contributions pension scheme

The Group operates a number of defined contribution pension schemes. Contributions totalling £nil (2018: £95,000) were due to the defined contribution scheme at the end of the year. The total contributions in the year are disclosed in note 3.

18. Share capital

	Allotted, called up and fully paid		
	At 1 July 2017 £'000	*At 30 June 2018 £'000*	*At 30 June 2019 £'000*
217,358 (2018: 255,793, 2017: 277,293) Ordinary shares of £1.00 each	277	256	217
45,000 (2018 and 2017: 45,000) 'B' Ordinary shares of £1.00 each	45	45	45
	322	301	262

All shares rank equally in respect of income and capital distributions.

On 5 September 2016 Microlise Holdings Limited entered into a share buy back agreement with a director and a former director of the company, to buy back 94,600 ordinary shares for a consideration of £93.07 per share in tranches beginning on 5 September 2016. During 2018, 21,500 shares were redeemed and during 2019 63,353 were redeemed. At 30 June 2019 there were Nil (2018: 63,353, 2017: 94,600) ordinary shares redeemable under this agreement.

During 2019, 24,903 share options which formed part of the employee incentive scheme were exercised in full. 24,903 ordinary shares were then allotted at a nominal value of £1 per share and paid up at £9.74 per share creating a share premium account of £218,000.

19. Reserves

Capital redemption reserve

This contains the nominal value of own shares that have been acquired by the company and cancelled.

Retained earnings

This represents cumulative profits or losses net of dividends paid and other adjustments.

Share based payment reserve

Share based payment reserve represents the cumulative charge relating to share options granted for the purpose of long term incentive schemes for employees.

Share premium account

Shareholders' equity, which represents the amount the company has raised on the issue of ordinary shares in excess of the par value of the shares.

20. Share based payments

The Group operated an EMI share option scheme with all options exercised on 21 September 2018.

Certain employees of the company were granted options to purchase shares in Microlise Holdings Limited. The options vested over an estimated 6.86 year period and expired 10 years from the date of grant.

In September 2018 all share options granted under this scheme were exercised in full as a result of a group restructuring exercise which constituted a change control event.

The share based remuneration expense of £33,000 (2018: increase of £315,000 from £119,000 to £434,000 in respect of the acceleration of the vesting period and recognition of the charge that otherwise would have been recognised for employee services received over the remainder of the vesting period of 1.92 years at 30 June 2019). For the share options outstanding as at 30 June 2018 the weighted average remaining contractual life was 2.92 years. The options were all exercisable at £9.74 per share.

Analysis of movement in options	Year ended 30 June 2018	Year ended 30 June 2019
At 1 July	24,903	24,903
Options exercised	–	(24,903)
At 30 June	24,903	–

The following information is relevant in the determination of the fair value of options granted under the equity settled EMI share option scheme operated by Microlise Holdings Limited

Option pricing model used	*Black-Scholes*
Weighted average share price (£)	40.06
Exercise price (£)	9.74
Weighted average contractual life (years)	6.86
Expected volatility (%)	50
Expected dividend growth rate (%)	0
Risk-free interest rate (%)	1.88

The Black-Scholes option pricing model was used to value the share based payment awards as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted.

21. Related party transactions

The remuneration of key management personnel and directors is set out in note 3.

Loans have been advanced to directors of the company. In the year ended 30 June 2019, £65,000 was advanced to directors (2018: £186,000) and the balance of £65,000 (2018: £215,000) outstanding at 30 June 2019 is included in other debtors. Interest has been charged at a rate of 4.25 per cent. above base rate. The total amount of interest charged during the year of £1,000 (2018: £11,000).

22. IFRS First time adoption

These are the first period of financial statements prepared under IFRS. IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRSs with an exemption taken as explained in note C below.

This note sets out the adjustments that have been necessary to the previously published financial statements prepared under UK GAAP upon transition to IFRS.

A ***IFRS 15 Revenue recognition***

Revenue recognition

The managed service contracts which the Group delivers involve a degree of set up and implementation professional services. Professional services delivered as part of a SaaS agreement typically include implementation, configuration, training and other similar services to create optimised interfaces between the Group's software and customers systems.

Under UK GAAP, where contract profits could be reliably predicted, the fair value of the set up phase was calculated as the proportion of anticipated turnover for a project relating to the fair value of work done to date, as a proportion of the total value of anticipated work. When the total expected profitability of a managed service contract could not be reliably estimated, turnover related to the set up and implementation phase was only recognised to the extent of costs incurred, with the remaining revenue being recognised rateably over the remaining contract period.

Under IFRS 15, certain activities relating to set up are not considered to meet the criteria of a separate performance obligation, and accordingly the revenue recognised previously relating to set up and implementation has been adjusted and spread straight line over the period the services are provided. This has resulted in a decrease in debtors for amounts recoverable on contracts, and increase in contract liabilities. The adjustment to discounting amounts recoverable on contracts has also reduced.

Revenue has been recognised for professional services which did meet the criteria of a separate performance obligation, as set out in the accounting policy, using the input method as professional services are being performed and the standalone price of that performance obligation.

Contract cost assets

The adoption of IFRS 15 has also led to the recognition of contract cost assets, relating to costs of obtaining or fulfilling a contract. Contract costs are divided into costs that give rise to an asset, and costs that are expensed as incurred.

Sales commission

The Group previously recognised commission fees payable related to the contracts as selling expenses when they were incurred. Under IFRS 15, the Group capitalises these commission fees as costs of obtaining a contract when they are incremental and – if they are expected to be recovered – it amortises them consistently with the pattern of revenue for the related contract.

Mobilisation costs

For other contract fulfilment assets, the following criteria are applied, and if met, result in capitalisation: the costs directly related to a contract, the costs generate or enhance resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future, and the costs are expected to be recovered. The Group has determined that where the relevant specific criteria are met, the costs for hardware configuration, project set-up, initiation, planning, and contract management are likely to qualify to be capitalised as contract assets. Judgements are involved in assessing whether the costs incurred on a contract meet the capitalisation criteria as set out under the standard. In addition, the amortisation of these assets involves estimation of the expected life of the contract.

Balance sheet presentation

The adoption of IFRS 15 has led to the derecognition of assets and liabilities recognised under UK GAAP for amounts billed in advance of delivery of goods and services, where the associated trade receivable invoice is not yet due for payment. Trade receivables are reduced by £1,642,000 at 30 June 2019, £2,066,000 at 30 June 2018, and £1,962,000 at 1 July 2017 with a corresponding adjustment to deferred income, now described as contract liabilities, at each date. The adjustment to contract liabilities is a reduction of £763,000 to contract liabilities due within one year and £879,000 to contract liabilities due after one year at 30 June 2019, and a reduction of £943,000 to contract liabilities due within one year and £1,123,000 to contract liabilities due after one year at 30 June 2018, and a reduction of £1,093,000 to contract liabilities due within one year and £869,000 to contract liabilities due after one year at 1 July 2017. This has no impact on net assets or the statement of comprehensive income.

Net impact of IFRS 15

The revenue, contract fulfilment costs and commission adjustments under IFRS have resulted in a debit to equity of £5,045,000 (£5,634,000 net of deferred tax of £589,000) at 1 July 2017. The balance sheet lines affected are trade and other receivables, current and non-current, trade and other payables, current and non-current, and deferred tax. The adjustments made are to trade receivables and contract liabilities, and to create a new category for contract cost assets, being sales commissions and mobilisation costs deferred.

The treatment of revenue, contract fulfilment costs and commission cost adjustments under IFRS results in a decrease in revenue of £734,000, a decrease in cost of sales of £157,000 and a decrease in finance income of £220,000 for the year ended 30 June 2018 ('FY18'). The tax impact for FY18 was a reduction in the tax charge of £135,000 resulting in a net impact on profit as a result of the transition to IFRS 15 for FY18 being a reduction of £662,000.

The treatment of revenue, contract fulfilment costs and commission cost adjustments under IFRS results in an decrease in revenue of £1,844,000, decrease in cost of sales of £204,000 and a decrease in finance income of £184,000 for the year ended 30 June 2019 ('FY19'). The tax impact for FY19 was a reduction in the tax charge of £310,000 resulting in a net impact on profit as a result of the transition to IFRS 15 for FY19 being a reduction of £1,514,000.

B ***IFRS 16 Leases***

Under this standard, the concept of assessing a lease contract as either operating or financing is replaced by a single lessee accounting model. Substantially all former operating lease contracts result in a lessee acquiring and recognising a right-to-use asset and a financial liability. The asset will be depreciated over the term of the lease and the interest on the financing liability is charged over the same period. A full retrospective approach has been applied with the liability representing the future lease payments at inception discounted at an incremental borrowing rate and with an equal right of use asset at inception. The income statement is impacted, with the rent expense relating to operating leases being replaced by a straight line depreciation charge arising from the right-to-use assets and interest charges arising from lease financing which are higher in earlier years.

On transition at 1 July 2017, a discounted lease liability is recorded of £912,000 together with an asset at that date in respect of the right-of-use assets of £905,000. The operating lease rentals of £924,000 in FY18 and £793,000 expensed in FY19 have been replaced by the inclusion of depreciation of £876,000 and financing charges of £46,000 in FY18 and £737,000 and £56,000 in FY19 increasing profits by £2,000 in FY18 and decreasing profits by £1,000 in FY19. The carrying value of right-of-use assets at 30 June 2018 was £773,000 and £1,753,000 at 30 June 2019. The carrying value of lease liabilities at 30 June 2018 was £778,000 and £1,758,000 at 30 June 2019.

C ***IFRS 3 and goodwill amortisation***

The exemption on transition to IFRS has been taken not to restate earlier acquisitions with the net book value of goodwill adopted as the cost at the date of transition. £149,000 of goodwill amortisation charged under FRS 102 for the years ended 30 June 2019 and 30 June 2020 has been reversed increasing the amount of goodwill recognised in intangible assets.

D ***Deferred tax***

Deferred tax assets previously included under UK GAAP within trade and other receivables in current assets are now presented separately within non-current assets. There is no net impact on the Statement of Comprehensive Income or Statement of Financial Position.

E ***Development assets***

Under UK GAAP, the Group had an accounting policy choice over the treatment of items of research and development expenditure, which met the criteria for recognition as development assets. The Group chose to previously expense all items of development to the Statement of Comprehensive income in the period incurred. Under IAS 38, if development expenditure meets the criteria for recognition as an intangible asset, it must be capitalised.

The research and development costs expensed under the UK GAAP policy have been evaluated against the IFRS criteria and mandatory capitalisation where the criteria are met. As a result of this £261,000 was recognised as an asset in FY18 with additions of £675,000 in FY19. Amortisation of £26,000 in FY18 and £120,000 in FY19 has been charged. Deferred tax of £40,000 has been charged in FY18 and £94,000 in FY19 resulting in a net profit increase of £195,000 for FY18 and £461,000 for FY19.

F ***Other reclassifications***

Trade receivables due after one year previously included under UK GAAP within trade and other receivables in current assets are now presented separately within non-current assets. There is no net impact on the Statement of Comprehensive Income or Statement of Financial Position.

G ***Cash flow statements***

The transition adjustments have no impact on the net cash flow for the periods. However, the cash flow statement has been adjusted for the revised IFRS result for the period and the changes in balances and classification resulting from the application of IFRS. The amounts are explained above and impact cash flow classification as follows:

- IFRS 15. The adjusted result and tax credit is matched by changes in working capital movements from the impact on trade receivables and contract liabilities,
- IFRS 16. The adjusted result increases depreciation and interest offset by the lease payments disclosed under IFRS.
- IAS 38. The adjusted result increases amortisation and reclassifies the capitalised development expenditure to additions to intangible assets
- Other. A reclassification has been made to more appropriately reflect loans to the parent company in investing activities rather than working capital movements.

H ***Other restatements to previously presented UK GAAP figures***

Restatements have been made to amounts previously presented under UK GAAP relating to trade and other receivables, trade and other payables and financial liabilities. The allocation of certain balances has now been updated as at 1 July 2017 and 30 June 2018 to correct the allocation of amounts due and liabilities arising. This includes separately presenting financial liabilities disclosed as "other loans", used to finance certain customer arrangements. Amounts due had previously been presented net of the balances due from the associated customer arrangements within accrued and deferred income.

There is no net impact on the Statement of Comprehensive Income.

Reconciliation of Equity at 1 July 2017

	UK GAAP £'000	Restatement to UK GAAP £'000	IFRS 15 £'000	IFRS 16 £'000	IAS 38 £'000	Other £'000	IFRS £'000
Assets							
Non-current assets							
Property, plant and equipment	2,512	–	–	905	–	–	3,417
Intangible assets	1,601	–	–	–	–	–	1,601
Deferred tax	–	–	589	–	–	139	728
Trade and other receivables	–	414	(94)	–	–	8,070	8,390
Total non-current assets	4,113	414	495	905	–	8,209	14,136
Current assets							
Inventories	1,898	–	–	–	–	–	1,898
Trade and other receivables	23,255	649	(5,192)	–	–	(8,070)	10,642
Deferred tax	139	–				(139)	–
Corporation tax recoverable	58	–	–	–	–	–	58
Cash and cash equivalents	7,086	–	–	–	–	–	7,086
Total current assets	32,436	649	(5,192)	–	–	(8,209)	19,684
Total assets	36,549	1,063	(4,697)	905	–	–	33,820
Current liabilities							
Financial liabilities	(502)	(193)	–	(430)	–	–	(1,125)
Trade and other payables	(16,383)	85	(2,001)	–	–	–	(18,299)
Total current liabilities	(16,885)	(108)	(2,001)	(430)	–	–	(19,424)
Non current liabilities							
Financial liabilities	(1,113)	(955)	–	(482)	–	–	(2,550)
Trade and other payables	(8,896)	–	1,653	–	–	–	(7,243)
Total non current liabilities	(10,062)	(955)	1,653	(482)	–	–	(9,793)
Total liabilities	(26,947)	(1,063)	(348)	(912)	–	–	(29,217)
Net assets	9,655	–	(5,045)	(7)	–	–	4,603
Equity							
Issued share capital	322	–	–	–	–	–	322
Capital redemption reserve	3,035	–	–	–	–	–	3,035
Share based payment reserve	348	–	–	–	–	–	348
Retained earnings	5,950	–	(5,045)	(7)	–	–	898
Total equity	9,655	–	(5,045)	(7)	–	–	4,603

Reconciliation of Equity at 30 June 2018

	UK GAAP £'000	Restatement to UK GAAP £'000	IFRS 15 £'000	IFRS 16 £'000	IFRS 3 £'000	IAS 38 £'000	Other £'000	IFRS £'000
Assets								
Non-current assets								
Property, plant and equipment	7,079	–	–	773	–	–	–	7,852
Intangible assets	1,452	–	–	–	149	235	–	1,836
Deferred tax	–	–	724	–	–	(40)	133	817
Trade and other receivables	–	(3,664)	3,234	–	–	–	7,255	6,825
Total non-current assets	8,531	(3,664)	3,958	773	149	195	7,388	17,330
Current assets								
Inventories	1,981	–	–	–	–	–	–	1,981
Trade and other receivables	26,075	2,984	(8,047)	–	–	–	(7,251)	13,761
Corporation tax recoverable	600	–	–	–	–	–	–	600
Deferred tax	136	–	–	–	–	–	(136)	–
Cash and cash equivalents	7,893	–	–	–	–	–	–	7,893
Total current assets	36,685	2,984	(8,047)	–	–	–	(7,387)	24,235
Total assets	45,216	(680)	(4,089)	773	149	195	1	41,565
Current liabilities								
Financial liabilities	(523)	(625)	–	(334)	–	–	–	(1,482)
Trade and other payables	(17,721)	2,713	(2,853)	–	–	–	–	(17,861)
Corporation tax payable	(43)	–	–	–	–	–	–	(43)
Total current liabilities	(18,287)	2,088	(2,853)	(334)	–	–	–	(19,386)
Non current liabilities								
Financial liabilities	(589)	(1,408)	–	(444)	–	–	–	(2,441)
Trade and other payables	(13,810)	–	1,235	–	–	–	–	(12,575)
Total non current liabilities	(14,399)	(1,408)	1,235	(444)	–	–	–	(15,016)
Total liabilities	(32,686)	680	(1,618)	(778)	–	–	–	(34,402)
Net assets	12,530	–	(5,707)	(5)	149	195	1	7,163
Equity								
Issued share capital	301	–	–	–	–	–	–	301
Capital redemption reserve	3,056	–	–	–	–	–	–	3,056
Share based payment reserve	782	–	–	–	–	–	–	782
Retained earnings	8,391	–	(5,707)	(5)	149	195	1	3,024
Total equity	12,530	–	(5,707)	(5)	149	195	1	7,163

Reconciliation of Equity at 30 June 2019

	UK GAAP £'000	IFRS 15 £'000	IFRS 16 £'000	IFRS 3 £'000	IAS 38 £'000	Other £'000	IFRS £'000
Assets							
Non-current assets							
Property, plant and equipment	7,411	–	1,753	–	–	–	9,164
Intangible assets	1,303	–	–	298	790	–	2,391
Deferred tax	–	1,034	–	–	(134)	506	1,406
Trade and other receivables	–	1,166	–	–	–	3,700	4,866
Total non-current assets	8,714	2,200	1,753	298	656	4,206	17,827
Current assets							
Inventories	2,461	–	–	–	–	–	2,461
Trade and other receivables	27,983	(6,981)	–	–	–	(3,700)	17,302
Deferred tax	506					(506)	–
Corporation tax recoverable	1,761	–	–	–	–	–	1,761
Cash and cash equivalents	5,235	–	–	–	–	–	5,235
Total current assets	37,946	(6,981)	–	–	–	(4,206)	26,759
Total assets	46,660	(4,781)	1,753	298	656	–	44,586
Current liabilities							
Financial liabilities	(925)	–	(598)	–	–	–	(1,523)
Trade and other payables	(19,598)	(202)	–	–	–	–	(19,800)
Total current liabilities	(20,523)	(202)	(598)	–	–	–	(21,323)
Non current liabilities							
Financial liabilities	(606)	–	(1,160)	–	–	–	(1,766)
Trade and other payables	(14,560)	(2,237)	–	–	–	–	(16,797)
Total non current liabilities	(15,166)	(2,237)	(1,160)	–	–	–	(18,563)
Total liabilities	(35,689)	(2,439)	(1,758)	–	–	–	(39,886)
Net assets	10,971	(7,220)	(5)	298	656	–	4,700
Equity							
Issued share capital	262	–	–	–	–	–	262
Share premium	218	–	–	–	–	–	218
Capital redemption reserve	3,120	–	–	–	–	–	3,120
Share based payment reserve	–	–	–	–	–	–	–
Retained earnings	7,371	(7,220)	(5)	298	656	–	1,100
Total equity	10,971	(7,220)	(5)	298	656	–	4,700

Reconciliation of net income for the year ended 30 June 2018

	UK GAAP £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38 £'000*	*IFRS £'000*
Revenue	49,513	(734)	–	–	–	48,779
Cost of sales	(24,674)	157	–	–	–	(24,517)
Gross profit	24,839	(577)	–	–	–	24,262
Administrative expenses	(21,175)	–	48	149	235	(20,743)
Operating profit	3,664	(577)	48	149	235	3,519
Interest income	461	(220)	–	–	–	241
Interest expense	(163)	–	(46)	–	–	(209)
Profit before tax	3,962	(797)	2	149	235	3,551
Taxation	475	136	–	–	(40)	571
Profit for the year	4,437	(661)	2	149	195	4,122
Other comprehensive income for the year						
Currency translation differences	5	–	–	–	–	5
Total comprehensive income for the year	4,442	(661)	2	149	195	4,127

Reconciliation of net income for the year ended 30 June 2019

	UK GAAP £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38 £'000*	*IFRS £'000*
Revenue	47,248	(1,844)	–	–	–	45,404
Cost of sales	(21,725)	204	–	–	–	(21,521)
Gross profit	25,523	(1,640)	–	–	–	23,883
Other operating income	13	–	–	–	–	13
Administrative expenses	(23,270)	–	56	149	555	(22,510)
Operating profit	2,266	(1,640)	56	149	555	1,386
Interest income	473	(184)	–	–	–	289
Interest expense	(179)	–	(56)	–	–	(235)
Profit before tax	2,560	(1,824)	–	149	555	1,440
Taxation	1,477	310	–	–	(94)	1,693
Profit for the year	4,037	(1,514)	–	149	461	3,133
Other comprehensive income for the year						
Currency translation differences	26	–	–	–	–	26
Total comprehensive income for the year	4,063	(1,514)	–	149	461	3,159

Reconciliation of the cash flow statement for the year ended 30 June 2018

	UK Gaap *£'000*	*IFRS 15* *£'000*	*IFRS 16* *£'000*	*IFRS 3* *£'000*	*IAS 38/ other* *£'000*	*IFRS* *£'000*
Profit for the year	4,437	(661)	2	149	195	4,122
Adjustments for:						
Depreciation	1,144	–	875	–	–	2,019
Amortisation	149	–		(149)	26	26
Profit on disposal of fixed assets	(24)	–	–	–	–	(24)
Share based payment charge	434	–	–	–	–	434
Net interest costs	(298)	220	46			(32)
Tax credit	(475)	(136)	–	–	40	(571)
	5,367	(577)	923	–	261	5,974
Working capital movements						
Increase in inventories	(83)	–	–	–	–	(83)
Decrease in trade and other receivables	(2,357)	(693)	–	–	–	(3,050)
Increase in trade and other payables	6,253	1,271	–	–	(885)	6,639
Cash generated from operations	9,180	1	923	–	(624)	9,480
Tax paid	(35)	–	–	–	–	(35)
Net cash generated from operating activities	9,145	1	923	–	(624)	9,445
Cash flows from investing activities						
Purchase of property, plant and equipment	(6,087)	–	–	–	–	(6,087)
Additions to intangible assets	–	–	–	–	(261)	(261)
Proceeds from sale of tangible fixed assets	400	–	–	–	–	400
Interest received	11	–	–	–	–	11
Net cash used in investing activities	(5,676)	–	–	–	(261)	(5,937)
Cash flows from financing activities						
Purchase of shares	(2,001)	–	–	–	–	(2,001)
Interest paid	(163)	–	(46)	–	–	(209)
Lease liability payments	–	–	(878)	–	–	(878)
Repayment of bank loans	(503)	–	–	–	–	(503)
Other loans advanced	–	–	–	–	1,500	1,500
Repayment of other loans	–	–	–	–	(615)	(615)
Net cash used in financing activities	(2,667)	–	(924)	–	885	(2,706)
Net increase in cash and cash equivalents	802	1	(1)	–	–	802

Reconciliation of the cash flow statement for the year ended 30 June 2019

	UK Gaap £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38/ other £'000*	*IFRS £'000*
Profit for the year	4,037	(1,514)	–	149	461	3,133
Adjustments for:						
Depreciation	1,242	–	743	–	–	1,985
Amortisation	149	–	–	(149)	120	120
Loss on disposal of fixed assets	18	–	–	–	–	18
Share based payment charge	33	–	–	–	–	33
Net interest costs	(294)	184	56	–	–	(54)
Tax credit	(1,477)	(310)	–	–	94	(1,693)
	3,708	(1,640)	799	–	675	3,542
Working capital movements						
Increase in inventories	(480)	–	–	–	–	(480)
Decrease in trade and other receivables	(2,683)	819	–	–	3,584	1,720
Increase in trade and other payables	3,549	821	–	–	502	4,872
Cash generated from operations	4,094	–	799		4,761	9,654
Tax received	306	–	–	–	–	306
Net cash generated from operating activities	4,400	–	799	–	4,761	9,960
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,661)	–	–	–	–	(1,661)
Additions to intangible assets	–	–	–	–	(675)	(675)
Loans advanced to parent company	–	–			(2,134)	(2,134)
Proceeds from sale of tangible fixed assets	74	–	–	–	–	74
Interest received	3	–	–	–	–	3
Net cash used in investing activities	(1,584)	–	–	–	(2,809)	(4,393)
Cash flows from financing activities						
Issue of shares	242	–	–	–	–	242
Purchase of shares	(5,896)	–	–	–	–	(5,896)
Interest paid	(179)	–	(56)	–	–	(235)
Lease liability payments	–		(743)			(743)
Receipt of bank loans	1,500	–	–	–	(1,500)	–
Repayment of bank loans	(1,162)	–	–	–	50	(1,112)
Repayment of other loans	–	–	–	–	(502)	(502)
Net cash used in financing activities	(5,495)	–	(799)	–	(1,952)	(8,246)
Net decrease in cash and cash equivalents	(2,679)	–	–	–	–	(2,679)

Section B, Part II

Consolidated historical financial information of Microlise Group Holdings Limited

for the 9 months ended 30 June 2019 and the year ended 30 June 2020

Consolidated Statement of Comprehensive Income
for the 9 month period ended 30 June 2019 and year ended 30 June 2020

	Note	*9 month period ended 30 June 2019 £'000*	*Year ended 30 June 2020 £'000*
Revenue	1	32,960	49,999
Cost of sales		(16,398)	(21,559)
Gross profit		16,562	28,440
Other operating income		13	537
Administrative expenses		(17,409)	(27,771)
Operating (loss)/profit	2	(834)	1,206
Interest income	4	289	285
Interest expense	5	(609)	(708)
Share of loss of associate net of tax	10	(149)	(73)
(Loss)/profit before taxation		(1,303)	710
Taxation	6	677	719
(Loss)/profit for the year		(626)	1,429
Other comprehensive income for the period/year			
Currency translation differences		26	19
Total comprehensive income for the period/year attributable to the equity shareholders of Microlise Holdings Group Limited		(600)	1,448
Basic and diluted earnings per share (£)	7	(15.44)	35.24

Consolidated Statement of Changes in Equity

	Share Capital £'000	*Merger Reserve £'000*	*Retained earnings £'000*	*Total Equity £'000*
Comprehensive income for the 9 month period to 30 June 2019				
Loss for the period	–	–	(626)	(626)
Other comprehensive income	–	–	26	26
Total comprehensive income for the period	–	–	(600)	(600)
Shares issued in the period	44	55,172	–	55,216
Total transactions with owners	44	55,172	–	55,216
At 30 June 2019	44	55,172	(600)	54,616
Comprehensive income for the year to 30 June 2020				
Profit for the year	–	–	1,429	1,429
Other comprehensive income	–	–	19	19
Total comprehensive income for the year	–	–	1,448	1,448
At 30 June 2020	44	55,172	848	56,064

Consolidated Statement of Financial Position
as at 30 June 2019 and 30 June 2020

	Note	30 June 2019 £'000	30 June 2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	9,164	8,636
Intangible assets	9	71,470	77,133
Investments in associate	10	2,051	1,978
Deferred tax	11	1,406	1,307
Trade and other receivables	13	4,866	3,465
Total non-current assets		88,957	92,519
Current assets			
Inventories	12	2,461	3,604
Trade and other receivables	13	13,807	15,126
Corporation tax recoverable		1,761	988
Cash and cash equivalents	14	5,287	10,061
Total current assets		23,316	29,779
Total assets		112,273	122,298
Current liabilities			
Financial liabilities	15	(3,563)	(3,232)
Trade and other payables	16	(18,392)	(25,393)
Total current liabilities		(21,955)	(28,625)
Non current liabilities			
Financial liabilities	15	(15,255)	(15,711)
Trade and other payables	16	(16,797)	(17,779)
Deferred tax	11	(3,650)	(4,119)
Total non current liabilities		(35,702)	(37,609)
Total liabilities		(57,657)	(66,234)
Net assets		54,616	56,064
Equity			
Issued share capital	19	44	44
Merger reserve		55,172	55,172
Retained earnings		(600)	848
Total equity		54,616	56,064

Consolidated Statement of Cash Flows
for the 9 month period ended 30 June 2019 and year ended 30 June 2020

	Note	*9 month period ended 30 June 2019 £'000*	*Year ended 30 June 2020 £'000*
Cash flows from operating activities			
Cash generated from operations	A	5,823	8,913
Tax received		–	1,820
Net cash generated from operating activities		5,823	10,733
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,605)	(1,235)
Additions to intangible assets		(522)	(778)
Proceeds from sale of tangible fixed assets		74	–
Purchase of subsidiaries, net of cash acquired		(9,216)	(3,087)
Purchase of investment in associate		(2,200)	–
Interest received		3	108
Net cash used in investing activities		(13,466)	(4,992)
Cash flows from financing activities			
Interest paid		(581)	(650)
Lease liability payments		(570)	(803)
Receipt of bank loans		16,500	2,500
Repayment of bank loans		(1,852)	(1,219)
Repayment of other loans		(388)	(802)
Debt issue costs paid		(200)	–
Net cash generated from/(used in) financing activities		12,909	(974)
Net increase in cash and cash equivalents		5,266	4,767
Cash and cash equivalents at beginning of period/year		–	5,287
Foreign exchange gains		21	7
Cash and cash equivalents at end of period/year	B	5,287	10,061

Notes to the cash flow statements
for the 9 month period ended 30 June 2019 and year ended 30 June 2020

A. Cash generated from operations

The reconciliation of profit for the period to cash generated from operations is set out below:

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
(Loss)/profit for the period	(626)	1,429
Adjustments for:		
Depreciation	1,515	2,176
Amortisation	1,479	2,151
Loss on disposal of fixed assets	18	30
Net interest costs	320	423
Share of loss of associate	149	73
Tax credit	(677)	(719)
	2,178	5,563
Decrease/(increase) in inventories	247	(1,087)
Decrease in trade and other receivables	1,461	713
Increase in trade and other payables	1,937	3,724
Cash generated from operations	5,823	8,913

Major non cash items

In the 9 month period ended 30 June 2019, shares were issued at a fair value of £55,216,000 in exchange for shares in Microlise Holdings Limited.

£266,000 of additions to right of use assets and lease liabilities represent non cash movements in the year ended 30 June 2020 (2019: £1,327,000).

B. Analysis of net debt

	On incorporation £'000	*Cash flow £'000*	*On acquisition £'000*	*Non-cash changes £'000*	*At 30 June 2019 £'000*
Bank loans	–	(14,448)	(1,052)	(29)	(15,529)
Other loans	–	388	(1,919)	–	(1,531)
Lease liabilities	–	613	(1,001)	(1,370)	(1,758)
Liabilities arising from financing activities	–	(13,447)	(3,972)	(1,399)	(18,818)
Cash and cash equivalents	–	5,266	–	21	5,287
Net debt	–	(8,181)	(3,972)	(1,378)	(13,531)

	At 1 July 2019 £'000	Cash flow £'000	On acquisition £'000	Non-cash changes £'000	At 30 June 2020 £'000
Bank loans	(15,529)	(1,281)	–	(29)	(16,839)
Other loans	(1,531)	802	–	–	(729)
Lease liabilities	(1,758)	866	(148)	(329)	(1,369)
Liabilities arising from financing activities	(18,818)	387	(148)	(358)	(18,937)
Cash and cash equivalents	5,287	4,767	–	7	10,061
Net debt	(13,531)	5,154	(148)	(351)	(8,876)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

Microlise Group Holdings Limited is a holding company and its subsidiaries are telematics businesses providing technological transport solutions that enable customers to reduce costs and environmental impact by maximising the efficiency of their transportation. The company is a private company, limited by shares, incorporated and domiciled in England. The address of the registered office is Farrington Way, Eastwood, Nottingham, NG16 3AG.

Accounting policies

A. ***Basis of preparation***

The financial information set out above does not constitute the company's statutory accounts for the year ended 30 June 2020 or the 9 month period ended 30 June 2019, but is derived from those accounts. Statutory accounts for 2019 and 2020 have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The consolidated historical financial information (the 'historical financial information') presents the financial track record of Microlise Group Holdings Limited and subsidiaries for the 9 month period ended 30 June 2019 and year ended 30 June 2020. The consolidated historical financial information has been prepared for the purpose of admission to the Alternative Investment Market ("AIM") operated by the London Stock Exchange. It has been derived from the financial statements of Microlise group Holdings Limited and its subsidiaries prepared in accordance with UK GAAP, and subsequently adjusted to comply with International Financial Reporting Standards and International Accounting Standards and Interpretations (collectively IFRSs) in conformity with the Companies Act 2006 except as noted below. IFRS has been applied with a transition date from the incorporation of Microlise Group Holdings Limited on 5 September 2018. The accounting policies have been applied consistently to all periods presented.

These are the first period of financial statements prepared under IFRS. IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. As IFRS has been applied with a transition date effective from the incorporation of Microlise Group Holdings Limited on 5 September 2018, no exemptions have been applied.

The historical financial information has been prepared under the historical cost convention unless otherwise specified within these accounting policies. The historical financial information and the notes to the historical financial information are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Group, except where otherwise indicated.

The principal accounting policies adopted in preparation of the historical financial information are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

Judgements made by the Directors in the application of the accounting policies that have a significant effect on the historical financial information and estimates with significant risk of material adjustment in the next year are discussed in note C.

Going concern

As part of the preparation for admission to AIM, working capital forecasts have been prepared for the period to 2024/25.

Based on the forecasts, the Directors are satisfied that the Group can meet it's day-to-day cash flow requirements and operate within all the terms of it's banking facilities. Accordingly, this consolidated historical financial information has been prepared on a going concern basis.

A range of sensitivities have been run on the working capital model, and the directors consider a scenario in which the business will face liquidity issues or breach covenant conditions is remote. As part of the sensitivity analysis the directors have considered the impact of a reduction in turnover from their principal customer and the impact on working capital and are satisfied that in such a scenario the Group has sufficient liquid resources to restructure and continue as a going concern servicing the remaining customer base.

The Group has a substantial recurring revenue base. At the year end, the Group had cash balances of £10,061,000. The projections at the date of preparing this historical financial information show that the Group has sufficient cash resources for the foreseeable future.

B. ***Accounting policies***

Consolidation

The historical financial information includes the results of Microlise Group Holdings Limited and its subsidiary undertakings. The results of the subsidiary undertakings are included from the date that effective control passed to the company.

On acquisition, all the subsidiary undertakings' assets and liabilities at that date of acquisition are recorded under purchase accounting at fair value, having regard to condition at the date of acquisition. All changes to those assets and liabilities and the resulting gains and losses that arise after the company gained control are included in the post-acquisition results. Sales, profits and balances between group companies are eliminated on consolidation.

The Group has taken advantage of the exemption not to disclose transactions between wholly owned entities in the Group.

Associates

Entities in which the Group holds a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Revenue recognition

Revenue comprises revenue recognised by the Group in respect of goods and services supplied during the year, based on the consideration specified in a contract, exclusive of Value Added Tax and trade discounts.

The Group enters into the sale of multi-element contracts, which combine separate performance obligations including hardware, installation, managed service contracts (software-as-a-service or SaaS), software licences, professional services (which includes bespoke software development, project management (incorporating activities including project and installation planning, managing change control and stage boundaries and project reporting), consultancy, training), and support and maintenance services relating to these products. In accordance with IFRS 15, these are considered to be distinct.

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 based on expected cost plus margin.

Revenue is recognised depending upon the revenue stream to which it relates, as follows:

- The fair value of hardware and installation revenue is recognised at a point in time when control is transferred to the customer on despatch and/or upon installation;
- Revenue from the SaaS arrangement is recognised over a period of time, based on the term of the contract on a straight line basis. Revenue recognition over time is considered appropriate based on provisions of IFRS 15 paragraph 35 as the customer simultaneously receives and consumes the benefits provided by the Group. The contractual term for average SaaS agreements are approximately 5 years.

- Professional services typically include implementation, configuration, training and other similar services to create optimised interfaces between the Group's software and customers systems. Revenue from professional services is recognised over a period of time using the input method as professional services are being performed, as this best depicts the timing of how the value is transferred to the customer.
- Support and maintenance turnover is deferred at the point of sale and recognised in the Statement of Comprehensive Income over a period of time of the contractual life, utilising the output method, generally on a straight line basis as the customer simultaneously receives and consumes the benefits provided by the Group;

Invoicing for all revenue streams is undertaken in accordance with the terms of the agreement with the customer. When an invoice is due for payment at the statement of financial position date but the associated performance obligations have not been fulfilled the amounts due are recognised as trade receivables and a contact liability is recognised for the sales value of the performance obligations that have not been provided. If payment is received in advance of the delivery of the associated performance obligation a contract liability is recognised.

In cases where customers pay for the goods and services over an agreed period, the fair value of the consideration is determined by discounting future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as finance income over the payment period.

Contract costs

Under IFRS 15, the Group capitalises commission fees as costs of obtaining a contract when they are incremental and – if they are expected to be recovered – it amortises them consistently with the pattern of revenue for the related contract. If the expected amortisation period is one year or less, then the commission is expensed when incurred. Contract costs are capitalised to trade and other receivables, due within and after one year.

The Group in certain circumstances incurs costs to deliver its services and fulfil specific contracts. These costs may include process mapping and design, scoping and configuration Contract fulfilment costs are divided into costs that deliver an asset and costs that are expensed as incurred.

Under IFRS 15, the Group capitalises these contract fulfilment costs when they directly relate to a specifically identifiable contract or anticipated contract, will enhance or generate resources used to satisfy future performance obligations and they are expected to be recovered. Where capitalised, it amortises them consistently with the pattern of revenue for the related contract.

At each reporting date, the Group determines whether or not the contract assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

Employee benefits

The Group operates a defined contribution pension scheme. Contributions are recognised in the Statement of Comprehensive Income in the year in which they become payable in accordance with the rules of the scheme.

Short term employee benefits including holiday pay are recognised as an expense in the period in which the service is rendered.

Taxation

The taxation expense or credit comprises current and deferred tax recognised in the profit for the financial period or in other comprehensive income or equity if it arises from amounts recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid (or recovered) in respect of the taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset and where the deferred tax balances relate to the same taxation authority.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the M Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Government grants

Grants are accounted under the accruals model, and grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. Government grants relate to the receipt of Coronavirus Job Retention Scheme income.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling on the date of the transaction. Monetary assets or liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rate ruling on that date and all translation differences are charged or credited in the Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the net assets acquired at the acquisition date. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Intangible assets acquired separately from a business are recognised at cost. Intangible assets acquired as part of an acquisition are recognised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not recognised, other than for qualifying development expenditure, and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated recognised and accumulated impairment. Intangible assets are amortised on a straight line basis within administrative expenses over their estimated useful lives as follows:

Asset class	*Amortisation period*
Brands	15 years
Customer relationships	11 to 16 years
Technology assets	5 to 10 years
Software	3-5 years

Intangible assets are tested for impairment when an event that might affect asset values has occurred. Any such impairment in carrying value is written off to the Statement of Comprehensive Income immediately.

Research and development expenditure

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised as "Technology" within intangible assets consist of employee costs incurred on development. Where the above criteria are not met, development expenditure is charged to the consolidated income statement in the period in which it is incurred. The expected life of internally generated intangible assets varies based on the anticipated useful life, currently ranging from three to five years.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated period in which the intangible asset has economic benefit and is reported within administrative expenses in the consolidated statement of comprehensive income.

Research expenditure is recognised as an expense in the period in which it is incurred.

Financial assets

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The Group measures loss allowances at an amount equal to lifetime ECL, which is estimated using past experience of the Group's historical credit losses experienced over the three year period prior to the period end. Historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation rates. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost to the extent that these are material. The Group has determined that there is no material impact of ECLs on the historical financial information.

Financial liabilities

Financial liabilities, including trade and other payables, lease liabilities and bank borrowings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Borrowings are subsequently stated at amortised cost using the effective interest method.

Right-of-use assets and lease liabilities

Under IFRS 16, leases are recognised as right-of-use assets, presented as a separate category within property, plant and equipment included in the statement of financial position, and with a corresponding lease liability from the date at which the leased asset is available for use by the Group. This has been adopted and applied on a full retrospective basis.

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under the terms of the lease. Reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal, presented as a separate category within liabilities, and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs. Leasehold dilapidations are recognised in relation to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms.

Depreciation is charged on a straight line basis over the period of the lease and assets are subject to impairment reviews where circumstances indicate their value may not be recoverable of if they are not being utilised.

Payments associated with short-term leases of property, plant and equipment and leases of low-value assets continue to be recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

Property, plant and equipment

Property, plant and equipment assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all property, plant and equipment assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Asset class	*Depreciation method rate*
Freehold property	2 per cent. straight line
Leasehold improvements	Over the period of the lease
Equipment, fixtures and fittings	20-33 per cent. straight line basis

Inventories

Inventories are valued at the lower of purchase cost and net realisable value, after due regard for any slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Share capital and reserves

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The parent company's ordinary shares are classified as equity instruments.

The merger reserve represents the difference between the fair value of the shares issued as part of the consideration for Microlise Holdings Limited and the nominal value of the shares issued.

Retained earnings comprises opening retained earnings and total comprehensive income for the year, net of dividends paid.

New or revised accounting standards and interpretations

IFRS interpretations and amendments issued but not yet applicable to the Group in this historical financial information have been reviewed and assessed. All IFRS effective at the reporting date of 30 June 2020 have been applied at the date of transition.

There are no other new standards, interpretations and amendments which are not yet effective in these financial statements, expected to have a material effect or to be relevant to the Group's future financial statements.

C. ***Critical accounting estimates and assumptions***

Critical judgements in applying the accounting policies

The preparation of the historical financial information under IFRS requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies.

Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable in the circumstances. The key estimates used in the preparation of this historical financial information that could result in a material change in the carrying value of assets or liabilities within the next twelve months are as follows:

Estimates and assumptions

Fair values and intangible assets on acquisition of a business

Fair values are applied on the acquisition of a subsidiary which involve a degree of judgement and estimation in particular in the identification and evaluation of intangible assets. The most significant valuation related to brands, technology and customer relationship assets which have been valued using a relief from royalty method for brand and technology and an excess earnings method for customers using cash flow forecasts derived from business plans and assumptions based on experience and factors relevant to the nature of the business activity.

The determination of the fair values attributed to acquired assets and liabilities requires estimates to be made about the outcome of future events, including the condition of acquired assets, the ongoing value to the business of intangible assets and the recoverability of other assets. For liabilities, an assessment is required to identify any unrecorded liabilities or disputed amounts to determine whether liabilities should be recognised at the point of acquisition.

More detail on the intangible assets recognised are included in note 9, and business combinations are included in note 21.

Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation.

There is no current indication that the Group's businesses will not continue to trade profitably and hence the life may differ or be longer than the estimates used to amortise intangible assets.

Impairment of intangible assets including goodwill

Intangible assets acquired in a business combination are capitalised with goodwill subject to annual impairment tests and other intangibles amortised over their estimated useful lives subject to an assessment of impairment.

Subsequent impairment tests for intangible assets are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows are based on forecasts which include estimated factors and are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group. Further detail is given in note 9.

Right-of-use assets and lease liabilities

In respect of right-of-use leased assets key estimates are a combination of the incremental borrowing rate used to discount the total cash flows and the term of the leases where breaks or extensions fall within the group's control. These are used to derive both the opening asset value and lease liability as well as the consequential depreciation and financing charges. A 1 per cent. change in the discount rate used would increase interest charges and decreased depreciation by approximately £10,000 a year with an immaterial impact on assets and liabilities.

Notes to the historical financial information

1. Analysis of revenue and non-Gaap adjusted results

The chief operating decision maker ("CODM") is identified as the Board. It continues to define all the Group's trading as operating in the telematics market and considers all revenue to relate to the same, therefore one operating segment. The Board as the CODM review the revenue streams of recurring and non-recurring revenue as part of their internal reporting. Recurring revenue represents the sale of the group's full vehicle telematics solutions, support and maintenance. Non-recurring revenue represents the sale of hardware, installation, and professional services. Revenue is defined as per the accounting policies.

Revenue in respect of the set up, supply of hardware and software installation is recognised at a point in time. Professional services including project management, managed services and support services income is recognised over the period when services are provided.

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
By type		
Revenue recognised at a point in time		
Supply of hardware and installation	11,283	15,398
	11,283	15,398
Revenue recognised over time		
Professional services including project management	1,160	2,605
Managed service agreement income	17,538	28,003
Other support and maintenance services	2,979	3,993
	21,677	34,601
	32,960	49,999
By destination:		
UK	30,121	44,765
Rest of Europe	710	1,405
Rest of the World	2,129	3,829
Total revenue	32,960	49,999

Revenue in respect of one customer amounted to £13.4m representing 27 per cent. of the revenue for the year ended 30 June 2020 (2019: £9.7m and 30 per cent.).

Adjusted results

The Group's primary results measure, which is considered by the directors to better represent the underlying and continuing performance of the Group, is adjusted EBITDAR as set out below. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation as a proxy for cash generated from trading. The Group further adjusts for Research costs expensed through profit and loss in order to enable comparability between companies in the industry with differing approaches to the continued investment in research into technological solutions. This alternative performance measure ("APM") also allows for comparability of companies applying different accounting policies with regard to the application of the criteria for capitalisation. The directors consider that this APM offers better metrics to assess the company's performance as a return from the revenue generated from the current customer base.

The measure has also been adjusted by the acquisition costs expensed under IFRS which are considered to be non-recurring and non-trading in nature.

	9 month period ended 30 June 2019 £'000	Year ended 30 June 2020 £'000
Operating (loss)/profit before interest and share of associate	(834)	1,206
Exceptional acquisition expenses	583	138
Depreciation	1,515	2,176
Amortisation of intangible assets	1,478	2,151
Research and development costs	3,457	5,379
Adjusted EBITDAR	6,199	11,050

The directors consider the Group to be one segment related to fleet management and the acquired TruTac business to be a complementary segment related to tachograph specific software and analysis services.

	9 month period ended 30 June 2019 Total £'000	Microlise £'000	TruTac £'000	Year ended 30 June 2020 Total £'000
Revenue	32,960	49,276	723	49,999
Depreciation and amortisation	2,993	4,227	100	4,327
Operating (loss)/profit	(834)	1,141	65	1,206
Net interest	(320)	(423)	–	(423)
Share of associate loss	(149)	(73)	–	(73)
Profit before tax	(1,303)	645	65	710
Segment assets	112,273	116,636	5,662	122,298
Segment liabilities	(57,657)	(64,256)	(1,978)	(66,234)
Additions to non-current assets	3,452	2,114	165	2,279

The Group's non-current assets comprising investments, tangible and intangible fixed assets and the net assets by geographical location are:

	30 June 2019		30 June 2020	
	Non-current assets £'000	Net assets £'000	Non-current assets £'000	Net assets £'000
United Kingdom	88,014	53,381	91,837	54,593
France	29	(12)	18	152
Australia	–	579	2	460
India	914	668	662	859
	88,957	54,616	92,519	56,064

2. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
Auditors remuneration:		
Audit of the Group and Company financial statements	32	40
Non-audit services	17	52
Depreciation of property, plant and equipment	940	1,363
Depreciation of right-of-use assets	575	813
Amortisation of intangible assets	1,478	2,151
Cost of inventory sold	7,908	10,986
Research and development costs	3,457	5,379
Foreign exchange gains	(56)	22
Government job retention scheme income	–	(537)

3. Information regarding directors and employees

Employees

The aggregate remuneration of employees comprised:

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
Wages and salaries	13,270	19,175
Social security costs	1,221	1,872
Pensions	404	777
Total	14,895	21,824

Average number of employees

The average number of employees in the period/year was:

	9 month period ended 30 June 2019	*Year ended 30 June 2020*
Sales and distribution	53	71
Operations and development	356	379
Production and warehouse	23	24
Administration	52	77
Total	484	551

__Directors' remuneration__

	9 month period ended 30 June 2019 £'000	Year ended 30 June 2020 £'000
Directors' remuneration – aggregate emoluments	313	610
Group pension contributions in respect of 3 (2019:3) directors	6	12
	319	622
Remuneration of the highest paid director	112	273
Group pension contributions	2	4
	114	277

__Key management compensation__

	9 month period ended 30 June 2019 £'000	Year ended 30 June 2020 £'000
Short term employee benefits	406	641
Post employment benefits	9	12
Total key management remuneration	415	653

Key management is defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group.

4. Interest receivable

	9 month period ended 30 June 2019 £'000	Year ended 30 June 2020 £'000
Interest receivable		
Bank interest receivable	115	86
Other interest receivable	–	22
Unwinding of discount on financing transactions	174	177
	289	285

5. Interest payable

	9 month period ended 30 June 2019 £'000	Year ended 30 June 2020 £'000
Interest payable		
Interest on bank and other borrowings	566	622
Lease liability financing charges	43	63
Other interest	–	23
	609	708

6. Taxation on (loss)/profit

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
Current taxation		
UK corporation tax credit	889	982
Foreign tax	(100)	–
Adjustments in respect of previous periods	–	65
	789	1,047
Deferred taxation		
Origination and reversal of timing differences	(112)	(5)
(Charge) due to change in tax rate	–	(323)
	(112)	(328)
Tax credit on (loss)/profit	677	719

Factors affecting the tax credit for the period

The tax credit on the profit for the period differs from applying the standard rate of corporation tax in the UK of 19 per cent. (2019: 19 per cent.). The differences are reconciled below:

	9 month period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
(Loss)/profit before taxation	(1,303)	710
Corporation tax at standard rate	(248)	135
Factors affecting charge for the period/year:		
Disallowable expenses	205	55
Income not taxed	–	(59)
Research and development allowances	(957)	(1,359)
Reduced rate on surrender of R&D losses for tax credit	305	305
Other timing differences	18	(54)
Adjustments in respect of previous periods	–	(65)
Charge/(credit) due to change in tax rate	–	323
Tax credit on (loss)/profit	(677)	(719)

The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 19 per cent. to 17 per cent. from 1 April 2020. A change to the main rate of corporation tax announced in the 2020 Budget was substantively enacted on 17 March 2020. In March 2020, the Chancellor of the Exchequer announced that the tax rate reduction was no longer going to be implemented. The rate from 1 April 2020 remains at 19 per cent. rather than the previously enacted reduction to 17 per cent. The rate of 19 per cent. is accordingly applied to UK deferred taxation balances at 30 June 2020 (2019: 17 per cent.).

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19 per cent. to 25 per cent. from April 2023. As this rate was not substantively enacted at the statement of financial position date it has not been used to calculate the deferred tax balances.

7. Earnings per share

	9 month period ended 30 June 2019	Year ended 30 June 2020
(Loss)/profit used in calculating EPS (£'000)	(626)	1,429
Number of shares for basic and diluted EPS	40,552	40,552
Basic and diluted earnings per share (£)	(15.44)	35.24

There were no dilutive options or shares in either period.

8. Property, plant and equipment

	Freehold property £'000	Right-of-use property £'000	Leasehold building Improvements £'000	Right-of-use equipment £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost						
On incorporation	–	–	–	–	–	–
Acquisitions (note 21)	5,129	570	–	431	1,705	7,835
Additions	396	1,106	384	220	825	2,931
Disposals	–	–	–	–	(109)	(109)
Exchange adjustments	–	–	–	–	8	8
At 30 June 2019	5,525	1,676	384	651	2,429	10,665
Depreciation						
On incorporation	–	–		–		
Charge for the period	76	344	7	231	857	1,515
Disposals	–	–	–	–	(17)	(17)
Exchange adjustments	–	–	–	–	3	3
At 30 June 2019	76	344	7	231	843	1,501
Net book value						
At 30 June 2019	5,449	1,332	377	420	1,586	9,164
Cost						
At 1 July 2019	5,525	1,676	384	651	2,429	10,665
Additions	–	130		136	1,235	1,501
Acquisitions (note 21)	–	148	–		17	165
Disposals	–	–	(30)	–	–	(30)
Exchange adjustments	–	–	(25)	–	23	(2)
At 30 June 2020	5,525	1,954	329	787	3,704	12,299
Depreciation						
At 1 July 2019	76	344	7	231	843	1,501
Charge for the year	102	521	68	292	1,193	2,176
Disposals	–	–	–	–	–	–
Exchange adjustments	–	–	–	–	(14)	(14)
At 30 June 2020	178	865	75	523	2,022	3,663
Net book value						
At 30 June 2020	5,347	1,089	254	264	1,682	8,636

9. Intangible assets

	Goodwill £'000	Customer relationships £'000	Technology £'000	Brands £'000	Software £'000	Total £'000
Cost						
On incorporation	–	–	–	–		–
Acquisitions (note 21)	49,208	15,893	4,780	2,546	–	72,427
Additions	–	–	522	–	–	522
At 30 June 2019	49,208	15,893	5,302	2,546	–	72,949
Amortisation						
On incorporation	–	–	–	–	–	–
Charge for the period	–	767	580	131	–	1,478
At 30 June 2019	–	767	580	131	–	1,478
Net book value						
At 30 June 2019	49,208	15,126	4,722	2,415	–	71,471
Cost						
At 1 July 2019	49,208	15,893	5,302	2,546	–	72,949
Additions	–	–	359	–	419	778
Acquisitions	3,092	1,887	1,891	165	–	7,035
At 30 June 2020	52,300	17,780	7,552	2,711	419	80,762
Amortisation						
At 1 July 2019	–	767	580	131	–	1,478
Charge for the year	–	1,039	939	173	–	2,151
At 30 June 2020	–	1,806	1,519	304	–	3,629
Net book value						
At 30 June 2020	52,300	15,974	6,033	2,407	419	77,133

Goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to cash generating units or groups of cash generating units ("CGU") as follows:

	30 June 2019 £'000	30 June 2020 £'000
Microlise CGU ("M")	48,839	48,839
TruTac CGU ("T")	–	3,092
	48,839	51,931

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The M carrying value is assessed for impairment purposes by calculating the value in use using the net present value (NPV) of future cash flows arising from the originally acquired businesses discounted at a pre-tax rate of 11.2 per cent. (2019: 10.2 per cent.) and for the T business at a pre-tax rate of 12.4 per cent. at 30 June 2020.

The M goodwill has been tested by reference to a 4-year management approved plan and T by reference to a 6 year plan with a 2 per cent. long term growth rate considered applicable to the UK market applied to the terminal period. Allowance has been included for the impact of Covid in the June 2020 tests and forecasts at that date and taking account of lock down experience and expected business recovery in the logistics sector. The businesses are on track to achieve the FY21 forecasts and no impairment is indicated although they are sensitive to forecast increases in EBITDA. The M NPV exceeds carrying values by £2.65m (2019: £0.24m) and T NPV exceeds carrying values by £0.75m. At 30 June 2020 an increase in the discount rate by 1 per cent. would result in a potential impairment of M of £4m and T of £0.3m or a reduction in the terminal growth rate 1 per cent. would result in an impairment of M of £3m. Reasonable changes in the terminal growth rate do not result in a risk of impairment of T.

At 30 June 2019, the M plan subject to the impairment test, forecast £7.23m and required £7.2m of recurring EBITDA in the long term in order to support the carrying value of goodwill and at 30 June 2020 forecast £8.34m and required £8.0m of recurring EBITDA which compares with £5.4m recorded for FY20 including the onset of the pandemic and an expected increase to more than £6m for FY21 with further business recovery forecast from the continuing effects of the pandemic and as a result of the growth trends in the M revenues, supported by significant investment in the development of technology and ongoing operational efficiencies to be made.

The 30 June 2020 T plan assessed for the impairment test forecasts £1.23m and required £1.1m of recurring EBITDA to support the carrying value of goodwill compared to the current EBITDA of some £0.6m. The growth trends in T revenues within the forecast is a result of continued investment into the underlying technologies, the release of new products and features as well as access to an enlarged customer base, a benefit of being part of the Group.

10. Investments

	Associate *£'000*
On incorporation	–
Additions	2,200
Share of loss for the period	(149)
At 30 June 2019	2,051
Share of loss for the year	(73)
At 30 June 2020	1,978

Investments in associates consist of a 20 per cent. holding in Trakm8 Holdings plc acquired on 22 December 2018 and measured in accordance with the accounting policy. The company is listed on AIM and at 30 June 2020 the market value of the shareholding was £1.6m which is not considered to represent a longer term decrease in value.

The primary business of Trakm8 Holdings plc is the development, manufacture, distribution and sale of telematics devices, services and optimisation solutions. The principal place of business is 4 Roman Park, Roman Way, Coleshill, Birmingham, West Midlands, B46 1HG.

The Group also has an interest of £1 in a jointly controlled not for profit community investment company, Road to Logistics C.I.C. This had not commenced activity as at 30 June 2020. The principal place of business is Farrington Way, Eastwood, Nottingham, NG16 3AG.

All other entities in the Group are 100 per cent. controlled by Microlise Group Holdings Limited.

Trakm8 Holdings plc

Trakm8 Holdings plc has a year end of 31 March, and the summarised financial information disclosed is based on their published financial statements, prepared under IFRS.

	31 March 2019 £'000	31 March 2020 £'000
Assets – non-current	22,736	25,759
Assets – current	13,336	12,425
Liability – non-current	(6,407)	(9,017)
Liability – current	(7,571)	(7,988)
Net assets (100%)	22,094	21,179
Group share of net assets (20%)	4,419	4,236

	Year ended 31 March 2019 £'000	Year ended 31 March 2020 £'000
Revenues	19,145	19,550
Loss from continuing operations	(2,506)	(1,093)
Other comprehensive income	(5)	(7)
Total comprehensive income	(2,511)	(1,100)
Dividends received from associate	–	–

11. Deferred tax assets and liabilities

	Consolidated intangible assets £'000	*Accelerated capital allowances £'000*	*Tax losses £'000*	*Other £'000*	*Total £'000*
On incorporation	–	–	–	–	–
Arising on acquisition	(3,886)	33	1,825	(104)	(2,132)
Credit/(charge) for the period	236	4	(342)	(10)	(112)
At 30 June 2019	(3,650)	37	1,483	(114)	(2,244)
Arising on acquisition	(390)	–	500	(350)	(240)
Credit/(charge) for the year	(80)	(61)	(143)	(44)	(328)
At 30 June 2020	(4,120)	(24)	1,840	(508)	(2,812)

Deferred tax has been recognised at an average rate of 19 per cent. (2019: 17 per cent.).

The deferred tax is presented as:

	30 June 2019 £'000	*30 June 2020 £'000*
Asset – non-current	1,406	1,307
Liability – non-current	(3,650)	(4,119)
Total	(2,244)	(2,812)

12. Inventories

	30 June 2019 £'000	*30 June 2020 £'000*
Raw materials and consumables	1,149	1,816
Work in progress	128	32
Finished goods and goods for resale	1,184	1,756
	2,461	3,604

An impairment loss of £120,000 in respect of inventory was recorded in the year ended 30 June 2020 (9 month period ended 2019: £27,000).

13. Trade and other receivables

	30 June 2019 £'000	*30 June 2020 £'000*
Current		
Trade receivables	10,769	11,093
Provision for impairment of trade receivables	(79)	(154)
Trade receivables net	10,690	10,939
Contract cost assets	638	717
Other receivables	324	1,416
Prepayments	2,155	2,054
Total	13,807	15,126
Non-current		
Trade receivables	2,951	1,313
Contract cost assets	1,915	2,152
Total	4,866	3,465
Total	18,673	18,591

Analysis of expected credit losses is included in note 17.

The movements in contract related balances in the period/year are as follows:

Contract cost assets	*9 month period ended 30 June 2019 £'000*	*Year ended 30 June 2020 £'000*
Opening balance	–	2,553
On acquisition	2,396	–
Amortised to income statement	(633)	(686)
Incurred in the period	790	1,002
Closing balance	2,553	2,869

14. Cash and cash equivalents

	30 June 2019 £'000	30 June 2020 £'000
Cash at bank and in hand	5,287	10,061

15. Financial liabilities

	30 June 2019 £'000	30 June 2020 £'000
Current		
Bank loans	2,040	1,895
Other loans	802	550
Lease liabilities	721	787
	3,563	3,232
Non-current		
Bank loans	13,489	14,950
Other loans	729	179
Lease liabilities	1,037	582
	15,255	15,711
Total	18,818	18,943

Bank loans are secured by fixed and floating charges over the assets of the Group and bear interest at rates of 1.75 per cent. to 2.7 per cent. over LIBOR. A loan of £1.375m is being repaid by quarterly instalments over the period to September 2033 and a £7.1m loan by quarterly instalment over the period to September 2023. Loans of £8.5m are repayable in September 2023. The loan liabilities are stated net of unamortised loan issue costs as at 30 June 2020 of £136,000 (2019: £171,000) which are being amortised over the period to the loan repayment date in 2023.

Other loans are used to finance specific trading arrangements, have a term of 4 years and bear interest at 15 per cent.

The Group has entered into lease contracts in respect of property, use of data centres and vehicles and are typically for terms of 3 to 5 years. In respect of data centre contracts there are options to extend the initial period with these factored into the liabilities where the Group plans to use these for a longer period.

Leases

The Group has entered into lease contracts in respect of property in the jurisdictions from which it operates, use of data centres and vehicles which are typically for terms of 3 to 5 years. In respect of data centre contracts there are options to extend the initial period with these factored into the liabilities where the Group plans to use these for a longer period. For property leases, it is customary for lease contracts to be reset periodically to market rental rates. Leases of equipment, data centre usage and vehicles comprise only fixed payments over the lease terms.

Right of use assets, additions and amortisation are included in note 8. Interest expenses relating to lease liabilities are included in note 5.

Other amounts relating to leases were as follows:

	30 June 2019 £'000	*30 June 2020 £'000*
Short term lease expense	27	7
Low value lease expense	58	30
Total cash outflow	570	803

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

	Property £'000	*Equipment and vehicles £'000*	*Total £000*
Within 1 year	551	188	739
1-2 years	416	61	477
2-5 years	153	–	153
More than 5 years	–	–	–
Total	1,120	249	1,369

The maturity of lease liabilities at 30 June 2019 were as follows:

	Property £'000	*Equipment and vehicles £'000*	*Total £000*
Within 1 year	457	264	721
1-2 years	420	140	560
2-5 years	469	8	477
More than 5 years	–	–	–
Total	1,346	412	1,758

16. Trade and other payables

	30 June 2019 £'000	*30 June 2020 £'000*
Current		
Trade payables	2,520	3,024
Taxation and social security	1,670	4,799
Other payables	1,022	1,986
Accruals	2,814	2,883
Contract liabilities	10,366	12,701
Total	18,392	25,393
Non-current		
Contract liabilities	16,797	15,905
Other payables	–	1,874
Total	16,797	17,779
Total	35,189	43,172

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Contract liabilities relates principally to service income received in advance. The timing of recognition of contract liabilities is as follows:

At 30 June 2019	*Less than one year £'000*	*1-2 years £'000*	*2-3 years £'000*	*3-4 years £'000*	*4-5 years £'000*	*Total £'000*
Contract liabilities	10,366	7,153	5,409	3,203	1,032	27,163

At 30 June 2020	*Less than one year £'000*	*1-2 years £'000*	*2-3 years £'000*	*3-4 years £'000*	*4-5 years £'000*	*Total £'000*
Contract liabilities	12,701	7,853	4,969	2,543	541	28,607

The movements in contract related balances in the period/year are as follows:

	Contract liabilities £'000	*Contract liabilities £'000*
Revenue related contract liabilities		
Opening balance	–	(27,163)
On acquisition	(23,439)	–
Invoiced in the period	(23,359)	(26,527)
Recognised as revenue in the period	19,635	25,083
Closing balance	(27,163)	(28,607)

17. Financial Instruments

Financial risk management

The determination of financial risk management policies and the treasury function is managed by the CFO. Policies are set to reduce risk as far as possible without unduly affecting the operating effectiveness of the Group.

The Group's activities expose it to a variety of financial risks, the most significant being credit risk, liquidity risk and interest rate risk together with a degree of foreign currency risk as discussed below.

Categories of financial instruments

The Group has the below categories of financial instruments:

	30 June 2019 £'000	*30 June 2020 £'000*
Recognised at amortised cost		
Cash and bank balances	5,287	10,061
Trade receivables – net	12,664	13,229
Other receivables	324	1,416
Total financial assets	18,275	24,706
Trade payables	2,520	3,024
Other payables	3,836	6,742
Bank loans	15,529	16,845
Other loans	1,531	729
Lease liabilities	1,758	1,369
Total financial liabilities	25,174	28,709

There were no assets or liabilities at 30 June 2020 or 2019 that were recognised and measured at fair value in the historical financial information.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Group. Financial instruments, which potentially subject the Group to concentration of credit risk, consist primarily of cash and cash equivalents, trade accounts receivable and accrued income.

The Group places its cash and cash equivalents with major financial institutions, which management assesses to be of high-credit quality in order to limit the exposure of each cash deposit to a minimal level.

Trade receivables

Trade receivable are derived primarily from non recurring hardware sales and monthly service income and generally have 30-60 day terms. With the exception of one large customer who accounts for 14 per cent. (2019: 24.5 per cent.) of the trade receivable balance, credit risk with respect to accounts receivable is dispersed due to the large number of customers. Collateral is not required for accounts receivable. The credit worthiness of customers with balances in trade receivables not yet due has been assessed as high.

The aging of past due trade receivables according to their original due date is detailed below:

Past due	*30 June 2019 £'000*	*30 June 2020 £'000*
0-60 days	2,077	1,770
60-120 days	1,087	654
121+ days	699	779
Expected credit loss provision	(79)	(154)
Total	3,784	3,049

A majority of the expected credit loss provision relates to balances that are more than 120 days overdue. The expected credit loss on balances less than 120 days is immaterial. A substantial majority of the overdue debt has been collected since the period end date with the unprovided amounts considered to be collectible.

As at 30 April 2020 the lifetime expected loss provision for trade receivables is as follows:

Past due	*Expected loss rate*	*Gross carrying amount £'000*	*Loss provision £'000*
0-60 days	0.0%	1,770	–
60-120 days	2%	654	13
121+ days	18%	799	141
Total		3,223	154

As at 30 April 2019 the lifetime expected loss provision for trade receivables was as follows:

Past due	*Expected loss rate*	*Gross carrying amount £'000*	*Loss provision £'000*
0-60 days	0.0%	2,077	–
60-120 days	2%	1,087	21
121+ days	8%	699	58
Total		3,863	79

At each of the Statement of Financial Position dates, a portion of the trade receivables were impaired and provided for. The movement in the provision for trade receivables in each of the periods is as follows:

	Period ended 30 June 2019 £'000	*Year ended 30 June 2020 £'000*
On incorporation/At 1 July	–	79
On business combination	129	–
Provision charged	35	93
Receivables written off in the period/year	(85)	(18)
At 30 June	79	154

Oher receivables are considered to bear similar risks to trade receivables or are owed by government bodies. Hence any expected credit loss on other financial assets is considered to be immaterial.

Liquidity risk

The Group funds its business through bank and other loans and from cash generated from operations. Details of the Group's borrowings are discussed in note 15. The Group monitors and manages cash within its banking facilities to mitigate any liquidity risk it may face. The following table shows the Group's contractual maturities of financial liabilities based on undiscounted cash flows including interest charges and the earliest date on which the Group is obliged to make repayment:

At 30 June 2019	*Less than one year £'000*	*1-2 years £'000*	*2-5 years £'000*	*More than 5 years £'000*	*Total £'000*
Trade and other payables	6,356	–	–	–	6,356
Bank loans	2,509	2,153	11,574	1,030	17,266
Other loans	925	631	179	–	1,735
Lease liabilities	778	593	521	–	1,892
Total	10,568	3,377	12,274	1,030	27,249

At 30 June 2020	*Less than one year £'000*	*1-2 years £'000*	*2-5 years £'000*	*More than 5 years £'000*	*Total £'000*
Trade and other payables	9,766	–	–	–	9,766
Bank loans	2,351	2,561	12,372	922	18,206
Other loans	631	179	–	–	810
Lease liabilities	783	507	176	–	1,466
Total	13,531	3,247	12,548	922	30,248

Interest rate risk

The bank loans are subject to interest at rates of 1.75 to 2.7 per cent. over LIBOR. A 0.5 per cent. increase in interest rates would therefore have had an impact of an increase in finance costs of approximately £85,000 in the last year.

Currency risk

The Group operates predominantly in the UK with sterling being its functional currency and has a degree of exposure to foreign currency risk, with this spread across income and expenses in Euros, US dollars and Australian dollars for sales and purchasing operations together with an outflow only of Indian rupees for the costs of development and operational support activity. The impact of a 10 per cent. fluctuation in all foreign exchange rates moving in the same direction against GBP has been assessed to be an overall impact of up to £300,000 which would be mitigated by some matching of income and expenses.

The net exposure to the dollar has reduced and ongoing costs in Indian rupees are now being managed by the use of forward contracts to fix the rate within the next year. The net underlying foreign currency balances, comprising overseas assets and liabilities, cash, receivables and payables in the UK, in the Group statement of financial position by underlying currency at the period end were:

	USD	*Euro*	*AUD*	*INR*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At 30 June 2019	2,115	421	1,299	668	4,503
At 30 June 2020	963	285	460	859	2,567

Capital management

The Group's capital comprises share capital, a merger reserve and retained earnings. The Group's objectives when maintaining capital are:

To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. The longer term funding requirements for acquisitions have been financed from cash reserves and term bank debt. All working capital requirements are financed from existing cash resources.

The Group sets the amount of capital it requires in proportion to risk in conjunction with the retained earnings. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

18. Pensions

Defined contributions pension scheme

The Group operates a number of defined contribution pension schemes. Contributions totalling £140,000 (2019: £119,000) were included in payables and due to the defined contribution scheme at the end of the year. The total contributions are disclosed in note 3.

19. Share capital

Allotted, called up and fully paid	At 30 June 2019 £	At 30 June 2020 £
33,902 A ordinary shares of £1 each	33,902	33,902
5,962 B ordinary shares of £1.55 each	9,241	9,241
325 C ordinary shares of £1.00 each	325	325
363 D ordinary shares of £1.00 each	363	363
	43,831	43,831

Upon incorporation on 5 September 2019,1 A ordinary share was issued for cash at par.

On 21 September 2018, 33,901 A ordinary £ 1.00 shares, 5,962 B ordinary £1.55 shares, 325 C ordinary £1.00 shares and 363 D ordinary £1.00 shares were issued in exchange for shares in Microlise Holdings Limited at an aggregate fair value of £55,216,000. Microlise Group Holdings Limited acquired all of the share capital of Microlise Holdings Limited and merger relief from a share premium applied. The fair value of the shares issued therefore resulted in a merger reserve of £55,172,000 being recorded.

All shares rank equally in respect of income and capital distributions.

20. Related party transactions

The remuneration of key management personnel and directors is set out in note 3.

Loans have been advanced to directors of the company. In the year ended 30 June 2020, £1,440,000 was advanced to directors and repayments were made of £941,000. Interest of £21,580 was charged and the balance of £520,580 owed is included in other debtors at 30 June 2020 (2019: a loan of £65,000 was advanced and repaid).

21. Business combinations

FY19 acquisition

On 21 September 2018, the Group acquired the entire share capital of Microlise Holdings Limited, a specialist telematics business, for a total consideration of £70,000,000. The value per share which was both paid to exiting shareholders and used to ascribe a fair value to the shares issued in Microlise Holdings Limited was a capitalized earnings approach applied by an independent valuer by reference to similar transactions. The goodwill arising of £49,208,000 is attributable to the workforce and expected future growth in customers and earnings.

The primary reason for the acquisition following a review of group structure, was encompassing a migration and refinancing of corporate banking facilities, to exercise in full share options which formed part of an employee incentive scheme, and to settle in full obligations to buy back shares from a director and former director of the company.

The transaction has been accounted for under the purchase method of accounting. The principal adjustments relate to the recognition of intangible assets under IFRS and the adjustment of the timing of revenue recognition and associated contract costs. Intangible assets identified include £15,893,000 in respect of customer relationships, £4,780,000 of technology assets and £2,546,000 in respect of the brand together with the related deferred taxation liability of £3,947,000. The adjustment to revenue recognition reduced receivables by £3,071,000 and increased contract liabilities by £3,774,000, a total impact of £6,845,000 partly offset by a deferred tax asset of £785,000.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets	–	23,219	23,219
Property, plant and equipment	6,834	1,001	7,835
Inventories	2,458	250	2,708
Cash and cash equivalents	5,568	–	5,568
Receivables	26,197	(4,535)	21,662
Payables	(31,786)	(2,310)	(34,096)
Bank loans	(1,052)	–	(1,052)
Other loans	(1,919)	–	(1,919)
Lease liabilities	–	(1,001)	(1,001)
Deferred taxation asset/(liability)	1,063	(3,195)	(2,132)
Net assets acquired			20,792
Goodwill			49,208
			70,000
Consideration satisfied by:			
Cash			14,784
Equity shares issued at fair value			55,216
			70,000

The Group incurred acquisition related costs of £583,000 related to stamp duty, legal and professional fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

All the Group's activity relates to the acquired business.

FY20 acquisition

On 9 March 2020, the Group acquired the entire share capital of TruTac Limited, a provider of tachograph logistics and analysis software services for consideration of £6,750,000. The acquisition strengthens the Group's presence in the HGV and PSV sectors and complements existing services. The goodwill arising of £3,0920,000 is attributable to the workforce and expected future growth in customers and earnings. The transaction has been accounted for under the purchase method of accounting. The principal adjustments relate to £165,000 in respect of the brand and £1,887,000 of customer relationships together with the related deferred taxation liability of £390,000. The deferred tax liability was partly offset by recognition of an asset in respect of losses carried forward of £151,000. The revenue accounting policy was also aligned with the Group resulting in additional contract liabilities of £823,000 and a rights of use asset and equal lease liabilities of £201,000 recorded under IFRS 16.

TruTac Limited has contributed £743,000 of revenue and recorded a profit of £113,000 included in the consolidated income statement from 10 March 2020 to 30 June 2020 (excluding acquisition expenses and amortisation of intangible assets arising on consolidation).

Had TruTac Limited been consolidated from 1 July 2019 it would have contributed another £2,200,000 of revenue and a further profit before tax of £395,000 to the year (excluding acquisition expenses and amortisation of intangible assets arising on consolidation).

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets	1,818	2,072	3,890
Property, plant and equipment	17	148	165
Inventories	56	–	56
Cash and cash equivalents	813	–	813
Receivables	641	–	641
Payables	(657)	(823)	(1,480)
Lease liabilities	–	(148)	(148)
Deferred taxation asset/(liability)	–	(239)	(239)
Net assets acquired			3,698
Goodwill			3,092
			6,790
Consideration satisfied by:			
Cash			3,940
Deferred consideration			3,000
Discounted for 3 year payment period			(150)
			6,790

The Group incurred acquisition related costs of £138,000 related to stamp duty, legal and professional fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

22. IFRS First time adoption

These are the first period of financial statements prepared under IFRS. IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. As IFRS has been applied with a transition date effective from the incorporation of Microlise Group Holdings Limited on 5 September 2018, no exemptions have been applied.

This note sets out the adjustments that have been necessary to the previously published financial statements prepared under UK GAAP upon transition to IFRS.

A ***IFRS 15 Revenue recognition***

Revenue recognition

The managed service contracts which the Group delivers involve a degree of set up and implementation professional services. Professional services delivered as part of a SaaS agreement typically include implementation, configuration, training and other similar services to create optimised interfaces between the Group's software and customers systems.

Under UK GAAP, where contract profits could be reliably predicted, the fair value of the set up and implementation phase was calculated as the proportion of anticipated turnover for a project relating to the fair value of work done to date, as a proportion of the total value of anticipated work. When the total expected profitability of a managed service contract could not be reliably estimated, turnover related to the set up and implementation phase was only recognised to the extent of costs incurred, with the remaining revenue being recognised rateably over the remaining contract period.

Under IFRS 15, certain activities relating to set up and implementation are not considered to meet the criteria of a separate performance obligation, and accordingly the revenue recognised previously relating to set up and implementation has been adjusted and spread straight line over the period the services are provided. This has resulted in a decrease in debtors for amounts recoverable on contracts, and increase in contract liabilities. The adjustment to discounting amounts recoverable on contracts has also reduced.

Revenue has been recognised for professional services which did meet the criteria of a separate performance obligation, as set out in the accounting policy, using the input method as professional services are being performed and the standalone price of that performance obligation.

Contract assets

The adoption of IFRS 15 has also led to the recognition of contract assets, relating to costs of obtaining or fulfilling a contract. Contract costs are divided into costs that give rise to an asset, and costs that are expensed as incurred.

Sales commission

The Group previously recognised commission fees payable related to the contracts as selling expenses when they were incurred. Under IFRS 15, the Group capitalises these commission fees as costs of obtaining a contract when they are incremental and – if they are expected to be recovered – it amortises them consistently with the pattern of revenue for the related contract.

Mobilisation costs

For other contract fulfilment assets, the following criteria are applied, and if met, result in capitalisation: the costs directly related to a contract, the costs generate or enhance resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future, and the costs are expected to be recovered. The Group has determined that where the relevant specific criteria are met, the costs for hardware configuration, project set-up, initiation, planning, and contract management are likely to qualify to be capitalised as contract assets. Judgements are involved in assessing whether the costs incurred on a contract meet the capitalisation criteria as set out under the standard. In addition, the amortisation of these assets involves estimation of the expected life of the contract.

Balance sheet presentation

The adoption of IFRS 15 has led to the derecognition of assets and liabilities recognised under UK GAAP for amounts billed in advance of delivery of goods and services, where the associated trade receivable invoice is not yet due for payment. Trade receivables are reduced by £2,054,000 at 30 June 2020 and £1,642,000 at 30 June 2019 with a corresponding adjustment to deferred income, now described as contract liabilities at each date. The adjustment to contract liabilities is a reduction of £1,534,000 to contract liabilities due within one year and £520,000 to contract liabilities due after one year at 30 June 2020, and a reduction of £764,000 to contract liabilities due within one year and £878,000 to contract liabilities due after one year at 30 June 2019. This has no impact on net assets or the statement of comprehensive income.

Net impact of IFRS 15

Applying IFRS 15 to Microlise Holdings Limited at the date of acquisition resulted in a reduction in the book value of the assets acquired as a result of the decrease in cumulative revenue recognised for set up net of contract cost deferrals of £6,051,000 net of tax. This has resulted in an increase in the intangible assets recognised at the date of acquisition of £6,051,000.

The revenue, contract fulfilment costs and commission cost adjustments under IFRS have resulted in a debit to equity of £1,169,000 for FY19 and a debit to equity of £372,000 for FY20. The balance sheet lines affected are trade and other receivables, current and non-current, trade and other payables, current and non-current, and deferred tax. The adjustments made are to accrued and contract liabilities, and to create a new category for contract cost assets, being sales commissions and mobilisation costs deferred.

The treatment of revenue, contract fulfilment costs and commission cost adjustments under IFRS results in a decrease in revenue of £1,382,000 a decrease in cost of sales of £157,000, and a decrease in finance income of £184,000 for the 9 month period ended 30 June 2019 ('FY19'). The tax impact for FY19 was an reduction in the tax charge of £239,000 resulting in a net impact on profit as a result of the transition to IFRS 15 for FY19 being a reduction of £1,169,000.

For the year ended 30 June 2020 ('FY20') the treatment of revenue, contract fulfilment costs and commission cost adjustments under IFRS results in an increase in revenue of £797,000, a decrease in cost of sales of £315,000, and a decrease in finance income of £279,000 for the year ended 30 June 2020 ('FY20'). The tax impact for FY20 was an increase in the tax charge of £36,000 resulting in a net impact on profit as a result of the transition to IFRS 15 for FY20 being an increase in profits of £372,000.

B ***IFRS 16 Leases***

Under this standard, the concept of assessing a lease contract as either operating or financing is replaced by a single lessee accounting model. Substantially all former operating lease contracts result in a lessee acquiring and recognising a right-to-use asset and a financial liability. The asset will be depreciated over the term of the lease and the interest on the financing liability is charged over the same period. On acquisition, a liability representing the future lease payments discounted at an incremental borrowing rate and with an equal right of use asset at acquisition was recognised. The income statement is impacted, with the rent expense relating to operating leases being replaced by a straight line depreciation charge arising from the right-to-use assets and interest charges arising from lease financing which are higher in earlier years.

On acquisition, the discounted lease liability is recorded together with an equal asset at that date in respect of the right-of-use assets. This was an asset and liability of £1,001,000 in respect of Microlise Holdings Limited at 21 September 2018 and £210,000 in respect of TruTac Limited at 9 March 2020. The carrying value of right-of-use assets at 30 June 2020 was £1,353,000 and £1,752,000 at 30 June 2019. The carrying value of lease liabilities at 30 June 2020 was £1,369,000 and £1,758,000 at 30 June 2019.

The operating lease rentals of £613,000 in FY19 and £866,000 expensed in FY20 have been replaced by the inclusion of depreciation of £575,000 and financing charges of £43,000 in FY19 and £813,000 and £63,000 in FY20 decreasing profits by £6,000 and £10,000 respectively. There was no material impact on tax.

C ***IFRS 3 Business combinations***

The £583,000 of acquisition expenses incurred in respect of the acquisition of Microlise Holdings Limited in FY19 and £138,000 in FY20 in respect of the acquisition of TruTac Limited have been expensed as required under IFRS 3 and have reduced the amount of goodwill recognised in intangible assets.

Intangible assets other than goodwill that can be measured on acquisition have been separately recognised and reclassified from goodwill previously recognised under FRS102. These were £15,893,000 in respect of customer relationships, £4,419,000 in respect of technology and £2,546,000 in respect of the Microlise brand as at 21 September 2018. A deferred tax liability of £3,927,000 was recognised in relation to the separately recognised intangible assets. The recognition of this deferred tax liability under IFRS resulted in a reduction in the fair value of the assets acquired and therefore an increase in goodwill arising on acquisition by the same amount.

These intangible assets are amortised over their expected useful lives resulting in a charge of £1,386,000 in FY19 and £2,157,000 in FY20 and a release in the deferred tax liability of £278,000 in FY19 and £341,000 in FY20.

Tax rate changes resulted in an increase in the deferred tax liability arising as a result of IFRS 3 of £461,000 in FY2020.

Intangible assets identified and separately recognised and reclassified from goodwill previously recognised under UK GAAP in respect of the TruTac Limited acquisition on 9 March 2020 were £1,887,000 of customer relationships, £1,838,000 of technology intangible assets and £165,000 in respect of the brand with a corresponding deferred tax liability of recorded £739,000. The recognition of this deferred tax liability under IFRS resulted in a reduction in the fair value of the assets acquired and therefore an increase in goodwill arising on acquisition by the same amount.

These intangible assets are amortised over their expected useful lives resulting in a charge of £96,000 in FY20 and a release in the deferred tax liability of £18,000.

Part of the consideration paid for TruTac Limited was deferred and therefore as part of the transition to IFRS the deferred consideration has been discounted to reflect the time value of money. This has resulted in reduction in the amount of goodwill recognised of £150,000 and a reduction in the deferred consideration creditor of the same amount. During the year the unwinding of the discount resulted in an increased interest charge of £23,000.

More detail on the acquisitions in the period are included in note 22.

Under IFRS 3 goodwill is not amortised but is tested each period end for impairment. £4,835,000 of goodwill amortisation charged under FRS 102 in FY19 and £6,500,000 for FY20 have been reversed increasing the amount of goodwill recognised in intangible assets. There is no impact on tax balances from these credits.

D ***Deferred tax***

Deferred tax assets previously included under UK GAAP within trade and other receivables in current assets are now presented separately within non-current assets. There is no net impact on the Statement of Comprehensive Income or Statement of Financial Position.

E ***Development assets***

Under UK GAAP, the Group had an accounting policy choice over the treatment of items of research and development expenditure, which met the criteria for recognition as development assets. The Group chose to previously expense all items of development to the Statement of Comprehensive income in the period incurred. Under IAS 38, if development expenditure meets the criteria for recognition as an intangible asset, it must be capitalised.

The research and development costs expensed under the UK GAAP policy have been evaluated against the IFRS criteria and mandatory capitalisation where the criteria are met. As a result of this £361,000 was recognised as an asset as of 21 September 2018, together with a respective deferred tax liability of £61,000. £300,000 had been previously recognised as goodwill within UK GAAP. Additions were £522,000 in FY19 and £359,000 in FY20. Amortisation of £92,000 in FY19 and £207,000 in FY20 has been charged.

F ***Other reclassifications***

Accrued income due after one year previously included under UK GAAP within trade and other receivables in current assets are now presented separately within non-current assets. There is no net impact on the Statement of Comprehensive Income or Statement of Financial Position.

Software assets of £419,000 as of 30 June 2020 which are not an integral part of hardware were previously included under UK GAAP within property, plant and equipment and depreciated. These items have now been reclassified to intangible assets, and are amortised in accordance with IAS 38. There is no net impact on the Statement of Comprehensive Income or Statement of Financial Position.

G ***Cash flow statements***

The transition adjustments have no impact on the net cash flow for the periods. However, the cash flow statement has been adjusted for the revised IFRS result for the period and the changes in balances and classification resulting from the application of IFRS. The amounts are explained above and impact cash flow classification as follows:

- IFRS 15. The adjusted result and tax credit is matched by changes in working capital movements from the impact on accrued and contract liabilities,
- IFRS 16. The adjusted result increases depreciation and interest offset by the lease payments disclosed under IFRS.
- IFRS 3. The adjusted result reduces amortisation and reclassifies acquisition expenses from the cost of acquiring the subsidiary to expenses reflected in the result.

Reconciliation of Equity at 30 June 2019

Note that the date of transition was the date of incorporation of Microlise Group Holdings Limited, and therefore there are no IFRS transition adjustments in the opening balances.

	UK GAAP £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38 £'000*	*Other £'000*	*IFRS £'000*
Assets							
Non-current assets							
Property, plant and equipment	7,412	–	1,752	–	–	–	9,164
Intangible assets	58,136	6,051	–	6,793	490		71,470
Investment in associate	2,051	–	–	–	–	–	2,051
Deferred tax	–	1,540	–	–	(134)	–	1,406
Trade and other receivables	–	1,166	–	–	–	3,700	4,866
Total non-current assets	67,599	8,757	1,752	6,793	356	3,700	88,957
Current assets							
Inventories	2,461	–	–	–	–	–	2,461
Trade and other receivables	24,995	(7,488)	–	–	–	(3,700)	13,807
Corporation tax recoverable	1,761	–	–	–	–	–	1,761
Cash and cash equivalents	5,287	–	–	–	–	–	5,287
Total current assets	34,504	(7,488)	–	–	–	(3,700)	23,316
Total assets	102,103	1,269	1,752	6,793	356	–	112,273
Current liabilities							
Financial liabilities	(2,842)	–	(721)	–	–	–	(3,563)
Trade and other payables	(18,191)	(201)	–	–	–	–	(18,392)
Total current liabilities	(21,033)	(201)	(721)	–	–	–	(21,955)
Non current liabilities							
Financial liabilities	(14,218)	–	(1,037)	–	–	–	(15,255)
Trade and other payables	(14,560)	(2,237)	–	–	–	–	(16,797)
Deferred tax	–	–	–	(3,650)	–	–	(3,650)
Total non current liabilities	(28,778)	(2,237)	(1,037)	(3,650)	–	–	(35,702)
Total liabilities	(49,811)	(2,438)	(1,758)	(3,650)	–	–	(57,657)
Net assets	52,292	(1,169)	(6)	3,143	356	–	54,616
Equity							
Issued share capital	44	–	–	–	–	–	44
Merger reserve	55,172	–	–	–	–	–	55,172
Retained earnings	(2,924)	(1,169)	(6)	3,143	356	–	(600)
Total equity	52,292	(1,169)	(6)	3,143	356	–	54,616

Reconciliation of Equity at 30 June 2020

	UK GAAP	*IFRS 15*	*IFRS 16*	*IFRS 3*	*IAS 38*	*Other*	*IFRS*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Assets							
Non-current assets							
Property, plant and equipment	7,702	–	1,353	–	–	(419)	8,636
Intangible assets	58,167	6,051	–	11,854	642	419	77,133
Investment in associate	1,978	–	–	–	–	–	1,978
Deferred tax	–	1,827	–	(372)	(148)	–	1,307
Trade and other receivables	–	1,511	–	–	–	1,954	3,465
Total non-current assets	67,847	9,389	1,353	11,482	494	1,954	92,519
Current assets							
Inventories	3,604	–	–	–	–	–	3,604
Trade and other receivables	23,796	(6,716)	–	–	–	(1,954)	15,126
Corporation tax recoverable	988	–	–	–	–	–	988
Cash and cash equivalents	10,061	–	–	–	–	–	10,061
Total current assets	38,449	(6,716)	–	–	–	(1,954)	29,779
Total assets	106,296	2,673	1,353	11,482	494	–	122,298
Current liabilities							
Financial liabilities	(2,445)	–	(787)	–	–	–	(3,232)
Trade and other payables	(24,826)	(567)	–	–	–	–	(25,393)
Total current liabilities	(27,271)	(567)	(787)	–	–	–	(28,625)
Non current liabilities							
Financial liabilities	(15,129)	–	(582)	–	–	–	(15,711)
Trade and other payables	(15,428)	(2,478)	–	127	–	–	(17,779)
Deferred tax	–	–	–	(4,119)	–	–	(4,119)
Total non current liabilities	(30,557)	(2,478)	(582)	(3,992)	–	–	(37,609)
Total liabilities	(57,828)	(3,045)	(1,369)	(3,992)	–	–	(66,234)
Net assets	48,468	(372)	(16)	7,490	494	–	56,064
Equity							
Issued share capital	44	–	–	–	–	–	44
Merger reserve	55,172	–	–	–	–	–	55,172
Retained earnings	(6,748)	(372)	(16)	7,490	494	–	848
Total equity	48,468	(372)	(16)	7,490	494	–	56,064

Reconciliation of net income for the 9 month period ended 30 June 2019

	UK GAAP £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38 £'000*	*IFRS £'000*
Revenue	34,342	(1,382)	–	–	–	32,960
Cost of sales	(16,555)	157	–	–	–	(16,398)
Gross profit	17,787	(1,225)	–	–	–	16,562
Other operating income	13	–	–	–	–	13
Administrative expenses	(20,740)	–	38	2,865	429	(17,409)
Operating (loss)/profit	(2,940)	(1,225)	38	2,865	429	(834)
Interest income	473	(184)	–	–	–	289
Interest expense	(566)	–	(43)		–	(609)
Share of profit of associate net of tax	(149)	–	–		–	(149)
Profit/(loss) before tax	(3,182)	(1,409)	(5)	2,865	429	(1,303)
Taxation	232	239	–	278	(73)	677
Profit/(loss) for the period	(2,950)	(1,170)	(5)	3,143	356	(626)
Other comprehensive income for the period						
Currency translation differences	26	–	–		–	26
Total comprehensive income for the period	(2,924)	(1,170)	(5)	3,143	356	(600)

Reconciliation of net income for the year ended 30 June 2020

	UK GAAP £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38 £'000*	*IFRS £'000*
Revenue	49,202	797	–	–	–	49,999
Cost of sales	(21,874)	315	–	–	–	(21,559)
Gross profit	27,328	1,112	–	–	–	28,440
Other operating income	537	–	–	–	–	537
Administrative expenses	(32,447)	–	53	4,472	151	(27,771)
Operating profit	(4,582)	1,112	53	4,472	151	1,206
Interest income	564	(279)	–	–	–	285
Interest expense	(622)	–	(63)	(23)	–	(708)
Share of profit of associate net of tax	(73)	–	–	–	–	(73)
Profit before tax	(4,713)	833	(10)	4,449	151	710
Taxation	870	(36)	–	(102)	(13)	719
Profit for the year	(3,843)	797	(10)	4,347	138	1,429
Other comprehensive income for the year						
Currency translation differences	19	–	–	–	–	19
Total comprehensive income for the year	(3,824)	797	(10)	4,347	138	1,448

Reconciliation of the cash flow statement for the 9 month period ended 30 June 2019

	UK Gaap *£'000*	*IFRS 15* *£'000*	*IFRS 16* *£'000*	*IFRS 3* *£'000*	*IAS 38* *£'000*	*IFRS* *£'000*
Loss for the period	(2,950)	(1,170)	(5)	3,143	356	(626)
Adjustments for:						
Depreciation	940	–	575	–	–	1,515
Amortisation	4,835	–	–	(3,448)	92	1,479
Loss on disposal of fixed assets	18	–	–	–	–	18
Net interest costs	93	184	43			320
Share of loss of associate	149	–	–	–	–	149
Tax credit	(232)	(239)	–	(279)	73	(677)
	2,853	(1,225)	613	(584)	521	2,178
Working capital movements						
Decrease in inventories	247	–	–	–	–	247
Decrease in trade and other receivables	364	1,097	–	–	–	1,461
Increase in trade and other payables	1,636	128		173		1,937
Cash generated from operations	5,100	–	613	(411)	521	5,823
Tax received	–	–	–	–	–	–
Net cash generated from operating activities	5,100	–	613	(411)	521	5,823
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,605)	–	–	–	–	(1,605)
Additions to intangible assets	–	–	–	–	(521)	(521)
Proceeds from sale of tangible fixed assets	74	–	–	–	–	74
Purchase of subsidiaries, net of cash acquired	(9,800)	–	–	583	–	(9,217)
Purchase of investment in associate	(2,200)	–	–	–	–	(2,200)
Interest received	3	–	–	–	–	3
Net cash used in investing activities	(13,528)	–	–	583	(521)	(13,466)
Cash flows from financing activities						
Interest paid	(566)	–	(43)	28	–	(581)
Lease liability payments	–	–	(570)	–	–	(570)
Receipt of bank loans	16,500	–	–	–	–	16,500
Repayment of bank loans	(1,852)	–	–	–	–	(1,852)
Debt issue costs paid	–	–	–	(200)	–	(200)
Repayment of other loans	(388)	–	–	–	–	(388)
Net cash generated from financing activities	13,694	–	(613)	(172)	–	12,909
Net increase in cash and cash equivalents	5,266	–	–	–	–	5,266

Reconciliation of the cash flow statement for the year ended 30 June 2020

	UK Gaap £'000	*IFRS 15 £'000*	*IFRS 16 £'000*	*IFRS 3 £'000*	*IAS 38/ other £'000*	*IFRS £'000*
(Loss)/profit for the period	(3,843)	796	(10)	4,347	139	1,429
Adjustments for:						
Depreciation	1,363	–	813	–	–	2,176
Amortisation	6,500	–	–	(4,610)	207	2,097
Loss on disposal of fixed assets	30	–	–	–	–	30
Net interest costs	58	279	63	23		423
Share of loss of associate	73	–	–	–	–	73
Tax credit	(870)	36	–	102	13	(719)
	3,311	1,111	866	(138)	359	5,509
Working capital movements						
Increase in inventories	(1,087)	–	–	–	–	(1,087)
Decrease in trade and other receivables	1,975	(1,718)	–	–	456	713
Increase in trade and other payables	3,171	607	–	–	–	3,778
Cash generated from operations	7,370	–	866	(138)	815	8,913
Tax received	1,820	–	–	–	–	1,820
Net cash generated from operating activities	9,190	–	866	(138)	815	10,733
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,654)	–	–		419	(1,235)
Additions to intangible assets	–	–	–	–	(778)	(778)
Proceeds from sale of tangible fixed assets	–	–	–	–	–	–
Purchase of subsidiaries, net of cash acquired	(3,225)	–	–	138	–	(3,087)
Purchase of investment in associate		–	–	–	–	–
Interest received	564				(456)	108
Net cash used in investing activities	(4,315)	–	–	138	(815)	(4,992)
Cash flows from financing activities						
Interest paid	(622)	–	(63)	–	35	(650)
Lease liability payments	–	–	(803)	–	–	(803)
Receipt of bank loans	2,500	–	–	–	–	2,500
Repayment of bank loans	(1,184)	–	–	–	(35)	(1,219)
Repayment of other loans	(802)	–	–	–	–	(802)
Net cash used in financing activities	(108)	–	(866)	–	–	(974)
Net increase in cash and cash equivalents	4,767	–	–	–	–	4,767

PART IV

UNAUDITED INTERIM FINANCIAL INFORMATION

Unaudited interim financial information for Microlise Group Holdings Limited

for the six months ended 31 December 2020

Unaudited Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2020

	Note	*Six months ended 31 December 2019 £'000*	*Six months ended 31 December 2020 £'000*
Revenue	1	26,232	27,824
Cost of sales		(11,915)	(12,206)
Gross profit		14,317	15,618
Other operating income		–	363
Administrative expenses		(13,703)	(14,729)
Operating profit		614	1,252
Interest income		–	–
Interest expense		(374)	(351)
Share of loss of associate net of tax		(36)	(128)
Profit before tax		204	773
Taxation		513	(302)
Profit for the period		717	471
Other comprehensive income for the period			
Currency translation differences		47	1
Total comprehensive income for the period attributable to the equity shareholders of Microlise Group Holdings Limited		764	472
Earnings per share			
Profit used in calculating EPS (£'000)		717	471
Number of shares for basic and diluted EPS		40,552	40,552
Basic and diluted earnings per share (£)		17.68	11.61

There were no dilutive options or shares in either period.

Unaudited Consolidated Statement of Changes in Equity

	Share Capital £'000	*Merger Reserve £'000*	*Retained earnings £'000*	*Total Equity £'000*
At 1 July 2019	44	55,172	(600)	54,616
Comprehensive income for the period to 31 December 2019				
Profit for the period	–	–	717	717
Other comprehensive income	–	–	47	47
Total comprehensive income for the period	–	–	764	764
At 31 December 2019	44	55,172	164	55,380
Comprehensive income for the period to 30 June 2020				
Profit for the period	–	–	713	713
Other comprehensive income	–	–	(29)	(29)
Total comprehensive income for the period	–	–	684	684
At 30 June 2020	44	55,172	848	56,064
Comprehensive income for the period to 31 December 2020				
Profit for the period	–	–	471	471
Other comprehensive income	–	–	1	1
Total comprehensive income for the period	–	–	472	472
At 31 December 2020	44	55,172	1,320	56,536

Unaudited Consolidated Statement of Financial Position
as at 31 December 2019 and 31 December 2020

	31 December 2019 £'000	*31 December 2020 £'000*
Assets		
Non-current assets		
Property, plant and equipment	8,949	8,188
Intangible assets	70,592	76,665
Investments in associate	2,015	1,850
Deferred tax	1,336	822
Trade and other receivables	4,702	4,355
Total non-current assets	87,593	91,880
Current assets		
Inventories	4,040	3,659
Trade and other receivables	13,786	14,946
Corporation tax recoverable	2,195	1,278
Cash and cash equivalents	4,142	10,464
Total current assets	24,163	30,347
Total assets	111,756	122,227
Current liabilities		
Financial liabilities	(3,486)	(3,192)
Trade and other payables	(19,412)	(26,068)
Total current liabilities	(22,898)	(29,260)
Non current liabilities		
Financial liabilities	(13,436)	(14,274)
Trade and other payables	(16,544)	(18,221)
Deferred tax	(3,498)	(3,936)
Total non current liabilities	(33,478)	(36,431)
Total liabilities	(56,376)	(65,691)
Net assets	55,380	56,536
Equity		
Issued share capital	44	44
Merger reserve	55,172	55,172
Retained earnings	164	1,320
Total equity	55,380	56,536

Unaudited Consolidated Statement of Cash Flows
for the six month period ended 31 December 2019 and 31 December 2020

	Note	*Six months ended 31 December 2019 £'000*	*Six months ended 31 December 2020 £'000*
Cash flows from operating activities			
Cash generated from operations	A	2,106	3,494
Tax (paid)/received		(3)	–
Net cash generated from operating activities		2,103	3,494
Cash flows from investing activities			
Purchase of property, plant and equipment		(724)	(432)
Additions to intangible assets		(122)	(720)
Interest received		–	–
Net cash used in investing activities		(846)	(1,152)
Cash flows from financing activities			
Interest paid		(356)	(297)
Lease liability payments		(388)	(413)
Repayment of bank loans		(1,257)	(875)
Repayment of other loans		(401)	(354)
Net cash used in financing activities		(2,402)	(1,939)
Net (decrease)/increase in cash and cash equivalents		(1,145)	403
Cash and cash equivalents at beginning of period		5,287	10,061
Cash and cash equivalents at end of period	B	4,142	10,464

Notes to the unaudited cash flow statements
for the six month period ended 31 December 2019 and 31 December 2020

A. Cash generated from operations

The reconciliation of profit for the period to cash generated from operations is set out below:

	Six months ended 31 December 2019 £'000	*Six months ended 31 December 2020 £'000*
Profit for the period	717	471
Adjustments for:		
Depreciation	1,072	1,025
Amortisation	1,000	1,187
Net interest costs	374	351
Share of loss of associate	36	128
Tax (credit)/charge	(513)	302
	2,686	3,464
Working capital movements:		
Increase in inventories	(1,579)	(55)
Decrease in trade and other receivables	186	(1,000)
Increase in trade and other payables	813	1,085
Cash generated from operations	2,106	3,494

B. Analysis of net debt

	At 1 July 2019 £'000	*Cash flow £'000*	*Non-cash changes £'000*	*At 31 December 2019 £'000*
Bank loans	(15,529)	1,257	(18)	(14,290)
Other loans	(1,531)	401	–	(1,130)
Lease liabilities	(1,758)	416	(161)	(1,503)
Cash used in financing activities	(18,818)	2,074	(179)	(16,923)
Cash and cash equivalents	5,287	(1,145)	–	4,142
Net debt	(13,531)	929	(179)	(12,781)

	At 1 July 2020 £'000	*Cash flow £'000*	*Non-cash changes £'000*	*At 31 December 2020 £'000*
Bank loans	(16,845)	875	(20)	(15,990)
Other loans	(729)	354	–	(375)
Lease liabilities	(1,369)	444	(176)	(1,101)
Cash used in financing activities	(18,943)	1,673	(196)	(17,466)
Cash and cash equivalents	10,061	403	–	10,464
Net debt	(8,882)	2,076	(196)	(7,002)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

The parent company is a holding company and its subsidiaries are telematics businesses providing technological transport solutions that enable customers to reduce costs and environmental impact by maximising the efficiency of their transportation. The company is a private company, limited by shares, incorporated and domiciled in England. The address of the registered office is Farrington Way, Eastwood, Nottingham, NG16 3AG.

Accounting policies

A. *Basis of preparation*

The consolidated historical interim financial information (the 'historical financial information') presents the financial track record of Microlise Group Holdings Limited and subsidiaries for the six month period ended 31 December 2019 and 31 December 2020. It has been derived from the management information of Microlise Group Holdings Limited and its subsidiaries prepared in accordance with UK GAAP, and subsequently adjusted to comply with International Financial Reporting Standards and International Accounting Standards and Interpretations (collectively IFRSs) in conformity with the Companies Act 2006 except as noted below. IFRS has been applied with a transition date from the incorporation of Microlise Group Holdings Limited on 5 September 2018. The accounting policies have been applied consistently to all periods presented. The consolidated historical financial information has been prepared for the purpose of admission to the Alternative Investment Market ("AIM") operated by the London Stock Exchange.

The historical financial information has been prepared under the historical cost convention unless otherwise specified within these accounting policies. The historical financial information and the notes to the historical financial information are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Group, except where otherwise indicated.

The principal accounting policies adopted in preparation of the historical information are as set out in the historical financial information of the Group in section B. The policies have been consistently applied to all periods presented, unless otherwise stated.

Going concern

As part of the preparation for admission to AIM, working capital forecasts have been prepared for the period to 2024/25.

Based on the forecasts, the Directors are satisfied that the Group can meet it's day-to-day cash flow requirements and operate within all the terms of it's banking facilities. Accordingly, this consolidated historical financial information has been prepared on a going concern basis.

A range of sensitivities have been run on the working capital model, and the directors consider a scenario in which the business will face liquidity issues or breach covenant conditions is remote. As part of the sensitivity analysis the directors have considered the impact of a reduction in turnover from their principal customer and the impact on working capital and are satisfied that in such a scenario the Group has sufficient liquid resources to restructure and continue as a going concern servicing the remaining customer base.

The Group has a substantial recurring revenue base. At the period end, the Group had cash balances of £10,464,000. The projections at the date of preparing this historical financial information show that the Group has sufficient cash resources for the foreseeable future.

Notes to the unaudited interim historical financial information

1. Segmental information and non-Gaap adjusted results

The Group operates in the telematics market and considers all revenue to relate to the same.

Revenue in respect of the set up, supply of hardware and software installation is recognised at a point in time. Professional services including project management, managed services and support services income is recognised over the period when services are provided.

	Six months ended 31 December 2019 £'000	*Six months ended 31 December 2020 £'000*
By type		
Revenue recognised at a point in time		
Supply of hardware and installation	8,850	9,282
	8,850	9,282
Revenue recognised over time		
Professional services including project management	1,383	1,356
Managed service agreement income	14,119	15,386
Other support and maintenance services	1,880	1,800
	17,382	18,542
	26,232	27,824
By destination:		
UK	24,417	25,200
Rest of Europe	382	648
Rest of the World	1,433	1,976
Total revenue	26,232	27,824

One customer contributed £7.5m representing 27 per cent. of the revenue (2019: £7m and 27 per cent.)

Adjusted results

The Group's primary results measure, which is considered by the directors of the Microlise group to better represent the underlying and continuing performance of the Group, is adjusted EBITDAR as set out below. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation as a proxy for cash generated from trading. The Group further adjusts for Research costs expensed through profit and loss in order to enable comparability between companies in the industry with differing approaches to the continued investment in research into technological solutions. This alternative performance measure ("APM") also allows for comparability of companies applying different accounting policies with regard to the application of the criteria for capitalisation. The directors consider that this APM offers better metrics to assess the company's performance as a return from the revenue generated from the current customer base.

The group now qualifies for large company R&D tax reliefs with the RDEC credit included in other operating income above operating profit for the six months ended 31 December 2020. This is adjusted below to provide directly comparable EBITDAR figures.

	Six months ended 31 December 2019 £'000	Six months ended 31 December 2020 £'000
Operating profit before interest and share of associate	614	1,252
Depreciation	1,072	1,025
Amortisation of intangible assets	1,000	1,187
RDEC credit	–	(290)
Research and development costs	2,772	2,497
Adjusted EBITDAR	**5,458**	**5,671**

The directors consider the Group to be one segment related to fleet management and the acquired TruTac Limited business to be a complementary segment related to tachograph specific software and analysis services.

	Six months ended 31 December 2019 Total £'000	Microlise £'000	TruTac £'000	Six months ended 31 December 2020 Total £'000
Revenue	26,232	26,315	1,509	27,824
Depreciation and amortisation	2,073	2,050	162	2,212
Operating profit	614	971	281	1,252
Net interest	(374)	(351)	–	(351)
Share of associate loss	(36)	(128)	–	(128)
Profit before tax	204	492	281	773
Segment assets	111,756	116,321	5,906	122,227
Segment liabilities	(56,376)	(63,640)	(2,051)	(65,691)
Additions to non-current assets	979	1,088	209	1,297

2. Tax on profit

	Six months ended 31 December 2019 £'000	Six months ended 31 December 2020 £'000
Current taxation		
Current period	365	–
Prior year adjustments	65	–
	430	–
Deferred taxation		
Origination and reversal of timing differences	92	(302)
	92	(302)
Tax credit/(charge) on profit	513	(302)

Factors affecting the tax for the period

The tax (credit)/charge on the profit for the period differs from applying the standard rate of corporation tax in the UK of 19 per cent. (2019: 19 per cent.). The differences are reconciled below:

	Six months ended 31 December 2019 £'000	*Six months ended 31 December 2020 £'000*
Profit before taxation	204	773
Corporation tax at standard rate	39	147
Factors affecting charge for the period:		
Disallowable expenses	27	32
Research and development allowances	(680)	–
Surrender of losses for R&D tax credit	153	–
Impact of RDEC income presented in other operating income	–	123
Adjustments in respect of prior years	(65)	–
Effect of different tax rates	13	–
Tax (credit)/charge on profit	(513)	302

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and functions are set out on page 8 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company is domiciled in the United Kingdom and was incorporated and registered as a private company limited by shares on 5 September 2018 in England and Wales under the Act with the name Microlise Group Holdings Limited and with registration number 11553192.

2.2 On 14 July 2021, the Company was re-registered as a public limited company under the Act and its name was changed to Microlise Group plc.

2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Placing Shares will be issued is the Act and regulations made thereunder.

2.4 The Company's principal activity is that of a holding company. It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.5 of this Part V. Further details of the history and background of the Company and the subsidiary undertakings are set out in paragraph 3 of Part I.

2.5 The Company is the holding company of the Group. The following table contains details of the Company's principal subsidiaries and joint venture vehicles. As at the date of this document, the Company has three direct subsidiary undertakings and eight indirect subsidiary undertakings, as follows:

Name of company	*Direct or indirect*	*Date of incorporation*	*Country of incorporation*	*% of issued share capital held by the Company (whether directly or indirectly as at Admission)*
Microlise SAS (company number 842 007 577)	Indirect (parent company is Microlise Holdings Limited)	30 August 2018	France	100
Microlise Pty Limited (company number 614 956 133)	Indirect (parent company is Microlise Holdings Limited)	22 September 2016	Australia	100
Microlise Telematics Private Limited (company number U72900PN2014PTC152205)	Indirect (parent company is Microlise Holdings Limited)	14 August 2014	India	100

Name of company	*Direct or indirect*	*Date of incorporation*	*Country of incorporation*	*% of issued share capital held by the Company (whether directly or indirectly as at Admission)*
Microlise Limited (company number 03037936)	Indirect (parent company is Microlise Midco Limited)	21 March 1995	England and Wales	100
Microlise Engineering Limited (company number 02211125)	Indirect (parent company is Microlise Midco Limited)	18 January 1988	England and Wales	100
TruTac Limited (company number 2521511)	Direct	12 July 1990	England and Wales	100
TruTac Training Limited (company number 9835902) (dormant)	Indirect (parent company is TruTac Limited)	21 October 2015	England and Wales	100
Trulogix Limited (company number 6605478) (dormant)	Indirect (parent company is TruTac Limited)	29 May 2008	England and Wales	100
Trucontrol Limited (company number 6706739) (dormant	Indirect (parent company is TruTac Limited)	24 September 2008	England and Wales	100
TrakM8 Holdings plc (company number 05452547)	Direct	13 May 2005	England and Wales	20
Road To Logistics C.I.C (company number 10804587)	Direct	6 June 2017	England and Wales	50

2.6 The registered office and corporate headquarters of the Company is Farrington Way, Eastwood, Nottingham, England, NG16 3AG, and its telephone number is +44 (0)1773 537 000.

2.7 The Company's website,at which the information required to be disclosed by the Rule 26 of the AIM Rules for Companies, is www.microlise.com.

2.8 The Company's accounting reference date is 31 December and the Company is domiciled in the United Kingdom.

3. Share Capital of the Company

3.1 Set out below are details of the issued share capital of the Company (i) as at the date of this document; (ii) as it will be immediately following the Placing and Admission (Enlarged Share Capital):

	At the date of this document		*Immediately following Admission*	
Name	*Number*	*Nominal Value (£)*	*Number*	*Nominal Value (£)*
Ordinary Shares	102,168,178	102,168.18	115,945,956	115,945.96

3.2 The Company has no maximum authorised share capital under its memorandum of association or articles of association and as such the authorised share capital is unlimited.

3.3 On incorporation the share capital of the Company was 1 ordinary share of £1, which was allotted to Nadeem Raza.

3.4 The following changes to the share capital of the Company have taken place since incorporation on 5 September 2018 to the date of this document:

3.4.1 on 21 September 2018, the 1 ordinary share of £1 held by Nadeem Raza was redesignated as 1 A ordinary share of £1;

3.4.2 on 21 September 2018, the Company allotted and issued 33,901 A ordinary shares of £1 each, 5,962 B ordinary shares of £1.55 each, 325 C ordinary shares of £1.00 each and 363 D ordinary shares of £1 each;

3.4.3 pursuant to the Reorganisation (as defined in paragraph 4.1 of this Part V), the share capital has been further amended prior to the date of this document as set out in paragraph 4 of this Part V; and

3.4.4 immediately following completion of the Placing, the issued share capital of the Company is expected to be £156,527,041 comprising 115,945,956 Ordinary Shares (all of which will be fully paid up or credited as fully paid).

3.5 By way of a resolutions of the Shareholders dated 14 July 2021, the Company passed resolutions to:

3.5.1 adopt the Articles as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company (including those adopted pursuant to paragraph 4.4 below);

3.5.2 convert each of the A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares into a single class of Ordinary Shares;

3.5.3 generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to allot Ordinary Shares up to an aggregate nominal value of £13,777.78 in connection with the Placing;

3.5.4 subject to and conditional upon Admission, generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to allot Ordinary Shares or grant rights to subscribe for or convert any security into Ordinary Shares:

3.5.4.1 up to an aggregate nominal value of £38,262.17 (being 33 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission); and

3.5.4.2 comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £76,524.33 (being 66 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission) (such amount to be reduced by the nominal value of any shares allotted or rights granted under sub-paragraph 3.5.4.1 above) in connection with an offer by way of a rights issue to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter,

such authority to expire at the conclusion of the next annual general meeting of the Company after the passing of the resolution or, if earlier, at the close of business on the date that falls fifteen months after the passing of the resolution;

3.5.5 give the Directors the power to allot equity securities (as defined by section 560 of the Act) of the Company for cash pursuant to the authority granted by the resolution summarised in paragraphs 3.5.3 and 3.5.4 above as if section 561 of the Act did not apply to any such allotment:

3.5.5.1 in respect of the allotment of equity securities of an aggregate nominal value of £13,777.78 under the Placing;

3.5.5.2 in connection with an offer or issue of equity securities to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

3.5.5.3 otherwise than pursuant to sub-paragraphs 3.5.5.1 and 3.5.5.2 above, in respect of the allotment of equity securities up to a maximum nominal value of £5,797.30 (being 5 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission); and

3.5.5.4 in addition to the amount in sub-paragraph 3.5.5.3 above, the allotment of equity securities for cash up to an aggregate nominal value of £5,797.30, (being 5 per cent. of the aggregate nominal value of the Company's issued ordinary share capital immediately following Admission), provided that any allotment of equity securities under this sub-paragraph 3.5.5.4 shall only be used in connection with an acquisition or a specified capital investment,

in each case, such authorities to expire at the conclusion of the next annual general meeting of the Company after the passing of the resolutions or, if earlier, at the close of business on the date that falls fifteen months after the passing of the resolutions.

3.6 On, or shortly after, Admission, the Company intends to grant options under the Performance Share Plan to Directors and employees of the Group over Ordinary Shares with an aggregate market value (by reference to the Placing Price) of approximately £3.1 million, on the terms described in paragraph 13 of this Part V.

3.7 Save as disclosed in this Part V, since 30 June 2020 (being the date of the most recent balance sheet included in this document) (other than pursuant to the Placing):

3.7.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;

3.7.2 no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;

3.7.3 no person has any preferential subscription rights for any share capital of the Company;

3.7.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;

3.7.5 neither the Company nor any other member of the Group holds any of the Ordinary Shares;

3.7.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and

3.7.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

3.8 The Ordinary Shares have been created under the Act.

3.9 The currency in which the Ordinary Shares are denominated is pounds sterling.

3.10 The Existing Ordinary Shares will represent 88.12 per cent. of the Enlarged Share Capital on Admission.

3.11 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.

3.12 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.13 The Company does not have in issue any securities not representing share capital.

3.14 There are no issued but not fully paid Ordinary Shares.

3.15 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.16 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.

3.17 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

4. Reorganisation

In connection with Admission, the Group has implemented a number of reorganisation steps (together, the "Reorganisation"), including to convert to a public limited company and take various other steps required in connection with Admission, as set out in paragraph 3 and this paragraph 4 of this Part V.

Pre-Admission Shareholder Restructuring of the Company

4.1 *Bonus issue*

On 18 June 2021 the Company undertook a bonus issue of Ordinary Shares by fully capitalising its merger reserve of £55,170,999.35, resulting in 42,673,062 A ordinary shares of £1 each, 7,504,777 B ordinary shares of £1.55 each, 409,083 C ordinary shares of £1 each and 456,915 D ordinary shares of £1 each being issued to the existing shareholders of the Company in proportion to their existing shareholdings. This allowed the merger reserve to be cleared within the Company and increased the nominal share capital to allow re-registration as a public limited company to take place.

4.2 *Reduction of capital*

On 7 July 2021 the Company undertook a section 642 of the Companies Act 2006 reduction of capital by solvency statement, resulting in a reduction of capital of £55,112,662.27 with this amount credited to retained earnings. This was satisfied by a reduction in nominal value of the A ordinary shares of £1 each, C ordinary shares of £1 each and D ordinary shares of £1 each by £0.998 and a reduction in the nominal value of the B ordinary shares of £1.55 each by £1.548 such that all ordinary shares had a revised nominal value of £0.002 per share.

4.3 *Subdivision of shares*

On 7 July 2021 the Company subdivided its existing A ordinary shares of £0.002, B ordinary shares of £0.002, C ordinary shares of £0.002 and D ordinary shares of £0.002 into two shares such that the nominal value of the ordinary shares reduced from £0.002 to £0.001.

4.4 *Re-registration as plc*

On 14 July 2021 the Company re-registered at Companies House as a public limited company and adopted new articles of association appropriate for it as a public company in substitution for and to the exclusion of the existing articles of association of the Company, with effect from the date of re-registration of the Company as a public company.

4.5 *Conversion of share capital into single class of ordinary shares*

A reorganisation agreement was entered into by the shareholders of the Company on 14 July 2021 pursuant to which the four classes of ordinary shares were converted into a single class of Ordinary Shares, conditional on the publication of this document.

Corporate Restructuring Steps

The Group is simplifying its structure such that it will have a single holding company (the Company) and can, in time, dissolve one of its intermediate holding companies, Microlise Midco Limited. The simplification of the structure involves the following steps:

4.6 *Clearance of intercompany balances*

On 5 July 2021 Microlise Engineering Limited issued an additional 1,594,012 ordinary shares of £1 each to Microlise Midco Limited for £1,594,012 which was left unpaid resulting in an additional intercompany debtor in Microlise Engineering Limited and an additional intercompany creditor in (and equivalent cost of investment) in Microlise Midco Limited of £1,594,012.

On 5 July 2021 Microlise Midco Limited issued an additional 341,375,500 ordinary shares of £0.01 each to Microlise Holdings Limited for £3,413,755 which was left unpaid resulting in an additional intercompany debtor in Microlise Group Limited and an additional intercompany creditor (and equivalent cost of investment) in Microlise Holdings Limited of £3,413,755.

On 5 July 2021 Microlise Holdings Limited issued an additional 8,104,515 ordinary shares of £1 each to the Company for £8,104,515 resulting in an additional intercompany debtor in Microlise Holdings Limited and additional intercompany creditor (and equivalent cost of investment) in the Company of £8,104,515.

On 5 July 2021 by way of an offset agreement entered into by each of Microlise Engineering Limited, Microlise Midco Limited, Microlise Holdings Limited, Microlise Limited and the Company it was agreed that all intercompany payables due from Microlise Engineering Limited, Microlise Midco Limited and Microlise Holdings Limited would be treated as fully settled by offset against each company's respective intercompany receivables, such that no balances then existed to or from any of Microlise Engineering Limited, Microlise Midco Limited and Microlise Holdings Limited or from any of Microlise Engineering Limited, Microlise Midco Limited or Microlise Holdings Limited to the Company or Microlise Limited.

4.7 *Share capital reductions*

On 13 July 2021 Microlise Holdings Limited filed at Companies House a reduction of capital by solvency statement under section 642 of the Companies Act 2006. It will reduce its capital redemption reserve in full, and reduce its share capital to £2, crediting the balance to retained earnings.

On 13 July 2021 Microlise Midco Limited filed at Companies House a reduction of capital by solvency statement under section 642 of the Companies Act 2006. It will reduce its capital redemption reserve in full, and reduce its share capital to £1, crediting the balance to retained earnings.

4.8 *Dividends in specie*

Once the capital reduction of Microlise Holdings Limited described at paragraph 4.7 is registered by Companies House, Microlise Holdings Limited will distribute, via dividend in specie, its assets (excluding its investment in Microlise Telematics Private Limited) to the Company (i.e. the dividend in specie will include Microlise Holdings Limited's shareholdings in Microlise Pty Limited, Microlise SAS and Microlise Midco Limited.

Once the capital reduction of Microlise Midco Limited described at paragraph 4.7 is registered by Companies House, Microlise Midco Limited will distribute, by way of a dividend in specie, its trade and assets to the Company (ie the dividend in special will included Microlise Midco Limited's shareholdings in Microlise Limited and Microlise Engineering Limited).

5. Articles of Association

The Articles include, *inter alia*, provisions to the following effect:

5.1 ***Objects***

The objects of the Company, in accordance with section 31(1) of the Act, are unrestricted.

5.2 ***Limited liability***

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

5.3 ***Rights attaching to shares***

5.3.1 *Voting rights of members*

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any shares (as to which there are none at present, the provisions of the Act shall apply in relation to voting rights. On a show of hands, at a general meeting which is being held as a physical meeting, every member or authorised corporate representative present has one vote and every proxy present has one vote except if the proxy has been duly appointed by more than one member and has been instructed by (or exercises his discretion given by) one or more of those members to vote for the resolution and has been instructed by (or exercises his discretion given by) one or more other of those members to vote against it, in which case a proxy has one vote for and one vote against the resolution. On a poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

5.3.2 *Dividends*

Subject to the rights attached to any shares issued on any special terms and conditions (as to which there are none at present), dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

5.3.3 *Return of capital*

5.3.3.1 Subject to the provisions summarised in sub-section (b) below, if the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other authority required by any applicable statutory provision: (A) divide among the members in specie the whole or any part of the assets of the Company; or (B) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

5.3.3.2 On a return of assets on liquidation or otherwise (except on a redemption of shares of any class or the purchase by the Company of its own shares) the assets of the Company remaining after the payment of its liabilities (the "surplus") shall be distributed amongst the holders of shares in proportion to the number of such Ordinary Shares held by them.

5.3.4 *Capitalisation of reserves*

The Board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (B) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the Act, the Uncertificated Securities Regulations 2001, and every other statute, statutory instrument, regulation or order concerning the Company may only be applied in paying up shares to be allotted credited as fully paid up.

5.4 ***Transfer of shares***

Save as described below, the Ordinary Shares will be freely transferable.

5.4.1 A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the Board. The Company shall maintain a record of uncertificated shares in accordance with the relevant statutory provisions.

5.4.2 A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer shares; and it is in respect of only one class of shares. If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument of transfer was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The Board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

5.5 ***Alteration of share capital***

The Company may exercise the powers conferred by the applicable statutory provisions to:

5.5.1 increase its share capital by allotting new shares;

5.5.2 reduce its share capital, any capital redemption reserve and any share premium account in any way;

5.5.3 sub-divide or consolidate and divide all or any of its share capital;

5.5.4 redenominate all or any of its shares and reduce its share capital in connection with such redenomination;

5.5.5 issue redeemable shares; and

5.5.6 subject to the applicable statutory provisions, and to any rights conferred on the holders of any class of shares, purchase all or any of its own shares including any redeemable shares.

5.6 ***Authority to allot shares and grant rights and disapplication of pre-emption rights***

5.6.1 The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Act, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

5.6.2 Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 of the Act did not apply to the allotment but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The power shall (if so provided in the special resolution) expire on the date specified in the special resolution of the Company.

5.7 ***Variation of rights***

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied in such manner as those rights may provide or (if no such provision is made) either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of those shares. At any separate general meeting, the quorum is two members present in person or proxy holding at least one third in nominal amount of the issued shares of the class in question (but at any adjourned meeting, the quorum is one member present in person or by proxy holding shares of the class).

5.8 ***Disclosure of interests in shares***

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in section 793 of the Act ("section 793 notice") and, in respect of that share (a "default share"), has been in default for a period of 14 days after the section 793 notice has been given in supplying to the Company the information required by the section 793 notice, the following restrictions shall apply: (A) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (B) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:

- to attend or to vote, either personally or by proxy, at any general meeting of the Company; or
- to receive any dividend or other distribution; or
- to transfer or agree to transfer any of those shares or any rights in them.

Those restrictions shall continue for the period specified by the Board, being not more than seven days after the earlier of:

- the Company being notified that the default shares have been sold pursuant to an exempt transfer (being a (i) sale of the sale of the share on a recognised investment exchange in the United Kingdom or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded, (ii) a sale of the whole beneficial interest in the share to a person whom the Board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share, or (iii) acceptance of a takeover offer (as defined for the purposes of Part 28 of the Act); or
- due compliance, to the satisfaction of the Board, with the section 793 notice.

The Board may waive these restrictions, in whole or in part, at any time.

5.9 ***Uncertificated shares – general powers***

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the Board may determine that shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings but they shall not be treated as separate classes of shares.

5.10 ***Directors***

5.10.1 The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two in number.

5.10.2 A director need not be a member of the Company.

5.10.3 At each annual general meeting each director shall retire from office by rotation and be eligible for re-appointment.

5.10.4 The directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

5.10.5 The Company at the meeting at which a director retires under any provisions of the Articles may by ordinary resolution fill up the office being vacated by electing thereto the retiring director or some other person eligible for appointment. In default the retiring director shall be deemed to have been re-elected except in any of the following cases:

5.10.5.1 where at such meeting it is expressly resolved not to fill up such office or a resolution for the re-election of such director is put to the meeting and lost;

5.10.5.2 where such director has given notice in writing to the Company that he is unwilling to be re-elected; or

5.10.5.3 where the default is due to the moving of a resolution in contravention of paragraph 5.10.6.

5.10.6 The retirement of a director shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is re-elected or deemed to have been re-elected (and his alternate, if any) will continue in office without a break.

5.10.7 The directors shall be paid such fees not exceeding in aggregate £500,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the directors may decide to be divided among them in such proportion and manner as they may agree, or failing agreement, equally.

5.10.8 The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the Board may decide in addition to his ordinary remuneration (if any) as a director.

5.10.9 The directors shall also be paid out of the funds of the Company all expenses properly incurred by them in and about the discharge of their duties, including their expenses of travelling to and from the Board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the Board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

5.10.10 The Board may exercise all the powers of the Company to:

5.10.10.1 pay, provide, arrange or procure the grant of pensions or other retirement benefits, and death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of anybody corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate or the relatives or dependants of any such person. For that purpose, the Board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement or the payment of any insurance premiums;

5.10.10.2 establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and

5.10.10.3 support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

5.10.11 If a situation (a "Relevant Situation") arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company but which does not arise in relation to a transaction or arrangement with the Company, the director must declare the nature and extent of his interest to the other directors and the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may: (i) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine; and (ii) if the Relevant Situation arises in other circumstances, resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

5.10.11.1 whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;

5.10.11.2 the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and

5.10.11.3 (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

5.10.12 Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

5.10.13 If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

5.10.14 Subject to any applicable statutory provisions and to having declared his interest to the other directors, a director may:

5.10.14.1 enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;

5.10.14.2 hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director;

5.10.14.3 act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;

5.10.14.4 be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested; and

5.10.14.5 be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

5.10.15 A director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing and varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any company in which the Company is interested, those proposals may be divided and considered in relation to each director separately; and in such case, each of the directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the termination of his own appointment.

5.10.16 A director shall not vote (or be counted in the quorum at a meeting) in respect of any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest. Notwithstanding the above, a director may vote (and be counted in the quorum) on: (A) any transaction or arrangement in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company; (B) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings, or a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security; (C) indemnification (including loans made in connection with it) by the Company in relation to the performance of his duties on behalf of the Company or of any of its subsidiary undertakings; (D) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as holder of any such securities or as an underwriter or sub underwriter; (E) any transaction or arrangement concerning any other company in which he does not hold, directly or indirectly as shareholder, or through his direct or indirect holdings of financial instruments (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) voting rights representing 1.0 per cent. or more of any class of shares in the capital of such company; (F) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and (G) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

5.11 ***General meetings***

5.11.1 An annual general meeting shall be held in accordance with the applicable statutory provisions at such place as may be determined by the Board. Other general meetings shall be held whenever the Board thinks fit or on the requisition of shareholders in accordance with the Act.

5.11.2 Subject to the applicable statutory provisions, an annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

5.11.3 The requisite quorum for general meetings of the Company shall be two qualifying persons, representing different members and entitled to vote on the business to be transacted at the meeting. A qualifying person is an individual who is a member of the Company, a corporate representative, or a proxy.

5.11.4 The board shall determine whether any general meeting is to be held as a physical general meeting or a combination of a physical and electronic general meeting. Each person who is present at any place of the meeting or who is attending it electronically, and who would be entitled to count towards the quorum, shall be counted in the quorum for, and shall be entitled to vote at, the meeting.

5.12 ***Borrowing powers***

There is no requirement on the directors to restrict the borrowing of the Company or any of its subsidiary undertakings.

5.13 ***Change of name***

The Board may change the name of the Company.

5.14 ***Dividends***

5.14.1 *Declaration of dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

5.14.2 *Fixed and interim dividends*

The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

5.14.3 *Calculation and currency of dividends*

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:

- all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share;
- all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and
- dividends may be declared or paid in any currency and the Board may agree with any member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be

paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

5.14.4 *Dividends not to bear interest*

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

5.14.5 *Calls or debts may be deducted from dividends*

The Board may deduct from any dividend or other monies payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

5.14.6 *Dividends in specie*

With the authority of an ordinary resolution of the Company and on the recommendation of the Board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

5.14.7 *Scrip dividends*

The Board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class by way of scrip dividend instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

5.14.8 *Unclaimed dividends*

Any dividend unclaimed for a period of 12-years after having been declared shall be forfeited and cease to remain owing by the Company.

5.15 ***Forfeiture of shares***

5.15.1 If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

5.15.2 If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

5.15.3 Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

5.16 ***Communications by the Company***

Subject to the applicable statutory provisions, a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned (in accordance with the applicable statutory provisions) of the presence of a document or information on the website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the applicable statutory provisions have been satisfied.

5.17 ***Directors' indemnity, insurance and defence***

As far as the applicable statutory provisions allow, the Company may:

5.17.1 indemnify any director of the Company (or of an associated body corporate) against any liability;

5.17.2 indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;

5.17.3 purchase and maintain insurance against any liability for any director referred to in paragraphs 5.17.1 or 5.17.2 above; and

5.17.4 provide any director referred to in paragraphs 5.17.1 or 5.17.2 above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

5.18 ***Changes in capital***

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Act.

6. The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules

6.1 ***Mandatory bids***

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

6.2 ***Concert Party presumptions***

The Company is a public limited company incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the protections provided under the City Code.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with shares in which persons acting in concert (as defined in the City Code) with him are interested) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person(s) which increases the percentage of shares carrying voting rights in which he is (or they are) interested.

Under the City Code, shareholders in a private company who, following the re-registration of the company as a public company in connection with an initial public offering or otherwise, become interested in shares in a company to which the City Code applies, will be presumed to be acting in concert with each other, unless the contrary can be established.

In consultation with the Panel and in accordance with such presumption, until such time as they can demonstrate otherwise, all shareholders of the Company prior to Admission, detailed below, are deemed to be acting in concert in relation to the Company (together, the "**Concert Party**") for the purposes of Rule 9 of the City Code.

The interest of the Concert Party in the Company, immediately following Admission, will be as follows:

		Immediately following Admission		*Following exercise of all share options awarded only to Concert Party members*		*Following exercise of share options only by Nadeem Raza*	
Concert Party member	*Details of the Concert Party Member*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*	*Number of Ordinary Shares*	*Percentage of Share Capital*	*Number of Ordinary Shares*	*Percentage of Share Capital*
Nadeem Raza	Chief Executive Officer of the Company	57,999,942	50.02%	58,277,720	49.30%	58,277,720	50.14%
Robert Harbey	Former director of the Company	5,801,617	5.00%	5,801,617	4.91%	5,801,617	4.99%
Roy Allum	Former director of the Company	4,287,751	3.70%	4,287,751	3.63%	4,287,751	3.69%
William Wynn	Chief Financial Officer of the Company	1,841,708	1.59%	2,026,893	1.71%	1,841,708	1.58%
Nicholas Wightman	Financial Director	110,855	0.10%	181,225	0.15%	110,855	0.10%
Stephen Watson	Company employee	66,513	0.06%	136,883	0.12%	66,513	0.06%
Trevor McGahan	Company employee	110,855	0.10%	192,336	0.16%	110,855	0.10%
Jackie Mitchell	Company employee	78,103	0.07%	143,288	0.12%	78,103	0.07%
Ian Dickinson	Company employee	45,350	0.04%	45,350	0.04%	45,350	0.04%
Ian Kirkwood	Company employee	95,335	0.08%	147,408	0.12%	95,335	0.08%
Paul Jurevicious	Company employee	110,855	0.10%	184,929	0.16%	110,855	0.10%
Duncan McCreadie	Company employee	66,513	0.06%	145,772	0.12%	66,513	0.06%
Jonathan Dolby	Company employee	31,241	0.03%	83,314	0.07%	31,241	0.03%
Total		70,646,638	60.93%	71,654,486	61.27%	70,924,416	61.02%

6.2 ***Acquisitions of further Ordinary Shares following Admission***

Prospective investors should be aware that following Admission:

(a) Nadeem Raza, individually, will hold 57,999,942 Ordinary Shares, representing 50.02 per cent. of the Company's voting share capital and may accordingly be able to increase his individual shareholding without incurring any obligation under Rule 9.1 of the City Code to make a general offer. In the event that Nadeem Raza exercises the options awarded to him over 277,778 Ordinary Shares, his holding will increase to 58,277,720 Ordinary Shares, representing a maximum potential interest of 50.14 per cent. of the Company's voting share capital.

(b) In aggregate, the members of the Concert Party will between them hold 70,646,638 Ordinary Shares, representing 60.93 per cent. of the Company's voting share capital and (if the Concert Party was deemed to exist at any relevant time) may accordingly be able to increase their aggregate shareholding without incurring any obligation under Rule 9.1 of the City Code to make a general offer. In the event that all members of the Concert Party exercise the options awarded to them over 1,007,848 Ordinary Shares, the total holding of the Concert Party will increase to 71,654,486 Ordinary Shares, representing a maximum potential interest of 61.27 per cent. of the Company's voting share capital.

Individual members of the Concert Party will not, without the consent of the Panel, be able to increase their interests in Ordinary Shares through a Rule 9 threshold.

On Admission, Nadeem Raza will hold 57,999,942 Ordinary Shares, in aggregate, representing 50.02 per cent. of the Enlarged Share Capital. Furthermore, as a Director, Nadeem Raza will be eligible to participate in the Company's employee incentive schemes. Nadeem Raza has been awarded options over 277,778 Ordinary Shares pursuant to the Microlise Group Performance Share Plan, the terms of which are summarised in paragraph 13 in Part IV of this document. As more fully described in Part IV of this document, Nadeem Raza could come to hold in aggregate 58,277,720 Ordinary Shares (following the exercise of all options held by him), representing a maximum potential interest of 50.14 per cent. of the Enlarged Share Capital (as enlarged by such exercise).

Note 1 on the dispensations from Rule 9 provides that the Panel will normally waive the obligation to make a Rule 9 offer as a result of the issue of new shares provided that the waiver is approved by a vote of independent shareholders. The Panel Executive has confirmed, however, that, on account of the disclosures made above, an obligation under Rule 9 will not arise as a result of the issue of new

Ordinary Shares to Nadeem Raza following the exercise of those options referred to above, without the requirement to seek the approval of independent shareholders.

6.4 ***Compulsory acquisition – squeeze out***

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.5 ***Compulsory acquisition – sell out***

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

As at the date of this document, the Company is not in receipt of, nor subject to, a takeover offer (as defined in section 974 of the Act).

7. Interests of the Directors

7.1 The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules for Companies) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document and immediately following Admission:

	As at the date of this document		*Immediately following Admission*	
Name	*No. of Existing Ordinary Shares*	*% of issued share capital*	*No. of Ordinary Shares*	*% of Enlarged Share Capital*
Nadeem Raza	57,999,942	56.77	57,999,942	50.02
William Wynn	3,683,416	3.61	1,841,708	1.59

7.2 The Company proposes to grant options over Ordinary Shares pursuant to the Performance Share Plan to the following Directors on or shortly after Admission:

Director	*No. of Ordinary Shares to be placed under option*	*Exercise price*	*Exercise period*
Nadeem Raza	277,778[1]	£0.001	2024-2025
William Wynn	185,185[1]	£0.001	2024-2025
Jonathan Lee	59,259	£0.001	2024-2025
Constantino Rocos	40,741	£0.001	2024-2025

1 The options for the executive directors are subject to performance criteria measured over a 3 year period, and exercisable for one year thereafter. The performance criteria comprise a total shareholder return condition. For the maximum award to vest 18 per cent. compound annual growth needs to be achieved. An amount of 25 per cent. of the award vests at 8 per cent. compound annual growth with straight line vesting between those points.

7.3 William Wynn, who is a Director, is selling 1,841,708 Ordinary Shares in the Vendor Placing as set out in the table in paragraph 7.7 below. William Wynn will retain 1,841,708 Ordinary Shares after the Vendor Placing.

7.4 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.

7.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

7.6 Save as disclosed in this paragraph 7, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

7.7 ***Selling Shareholders***

The following persons (all of whose business address is Farrington Way, Eastwood, Nottingham, England, NG16 3AG) are selling Ordinary Shares in the Vendor Placing. The table below sets out the number of Ordinary Shares each is selling in the Vendor Placing and the percentage such number represents of the Existing Ordinary Shares:

Selling Shareholder	*Number of Ordinary Shares to be sold in the Vendor Placing*	*% of Existing Ordinary Shares*	*Number of Ordinary Shares to be held following Admission*
William Wynn (Director)	1,841,708	1.80	1,841,708
Robert Harbey (Former Director)	22,736,037	22.25	5,801,617
Roy Allum (Former Director)	5,926,043	5.80	4,287,751
Nicholas Wightman (Employee)	110,855	0.11	110,855
Steve Watson (Employee)	155,197	0.15	66,513
Trevor McGahan (Employee)	110,855	0.11	110,855
Jackie Mitchell (Employee)	78,103	0.08	78,103
Ian Dickinson (Employee)	45,350	0.04	45,350
Ian Kirkwood (Employee)	126,375	0.12	95,335
Paul Jurevicius (Employee)	110,855	0.11	110,855
Duncan McCreadie (Employee)	155,197	0.15	0.06
Jonathan Dolby (Employee)	124,965	0.12	31,241

1. Robert Harbey's holding includes Ordinary Shares held in the Harbey Family Trust, a trust held for the benefit of Robert Harbey's family.

8. Directors' Service Agreements and Letters of Appointment

8.1 The following table lists the names, ages, positions and dates of appointment as a director for each Director:

Name	*Age*	*Position*	*Date appointed*
Jonathan (Jon) Lee	56	Non-Executive Chairman	16 April 2021
Nadeem Raza	54	Chief Executive Officer	5 September 2018
William (Bill) Wynn	57	Chief Financial Officer	5 September 2018
Constantino (Dino) Rocos	62	Non-Executive Director	16 April 2021

8.2 The Directors have been appointed to the offices and roles set out against their respective names above. The service agreements and letters of appointment summarised below are each between the respective Director and the Company. Save for these agreements, there are no service agreements or letters of appointment between a Director and the Company or any Subsidiary not terminable without payment of compensation (other than statutory compensation) within one year and none are proposed to be entered into.

8.3 ***Executive Directors***

8.3.1 Nadeem Raza entered into a new service agreement with the Company dated 16 July 2021 as Chief Executive Officer. The agreement provides for an annual salary of £250,000. The Board may, at its option, pay a discretionary bonus. He is also entitled to a contributory pension scheme, private medical insurance (such coverage to include his spouse and dependent children), a car allowance, an annual holiday entitlement of 24 days plus 8 days public holidays and 75 calendar days full pay in the event of sickness. The agreement is terminable on not less than 12 months' written notice by either party.

8.3.2 William Wynn entered into a new service agreement with the Company dated 16 July 2021 as Chief Financial Officer. The agreement provides for an annual salary of £200,000. The Board may, at its option, pay a discretionary bonus. He is also entitled to a contributory pension scheme, private medical insurance (such coverage to include his spouse and dependent children), a car allowance, an annual holiday entitlement of 24 days plus 8 days public holidays and 75 calendar days full pay in the event of sickness. The agreement is terminable on not less than 12 months' written notice by either party.

8.4 ***Non-Executive Directors***

8.4.1 Constantino Rocos entered into a letter of appointment with the Company dated 9 April 2021 as a Non Executive Director of the Company commencing on 1 April 2021 for a term of three years. He is entitled to annual fees of £55,000, together with the payment of reasonable expenses. The appointment is terminable on one month's written notice by either party.

8.4.2 Jon Lee entered into a letter of appointment with the Company dated 9 April 2021 as a Non Executive Director of the Company commencing on 1 April 2021 for a term of three years. He is entitled to annual fees of £85,000, together with the payment of reasonable expenses. The appointment is terminable on one month's written notice by either party.

8.5 The aggregate remuneration and benefits in kind paid by the Company to the Directors in respect of the financial period ended 30 June 2020 was £622,000. It is estimated that under the arrangements currently in force as at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors by the Company for the financial period ending 30 June 2021 will be no less than £828,000.

9. Additional Information on the Directors

9.1 Other than in respect of the Company, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

Name	*Current Directorships/ Partnerships*	*Former Directorships/ Partnerships*
Nadeem Raza	Trutac Limited Trulogix Limited Trutac Training Limited Trakm8 Holdings plc Microlise Group plc Microlise Holdings Limited Microlise Engineering Limited Microlise Midco Limited Microlise Limited Microlise Pty Limited Microlise SAS Microlise Telematics Private Limited Trucontrol Ltd	None

Name	*Current Directorships/ Partnerships*	*Former Directorships/ Partnerships*
William Wynn	Microlise Group plc Microlise Holdings Limited Microlise Engineering Limited Microlise Midco Limited Microlise Limited Microlise Pty Limited Microlise SAS Microlise Telematics Private Limited Bennamann Limited Bennamann Services Limited Road to Logistics CIC	Bennamann Energy Limited Network Direct Limited
Jonathan Lee	Microlise Group plc Essensys Plc Sales-I Ltd Sales-I UK Ltd Herculaneum Management Ltd Phaistos Management Ltd Telrock Systems Ltd Telrock Inc CITC Systems Inc Ivendi Ltd Balmoral Financial Ltd Pagham Beach (Holdings) Ltd Inside Track 3 LLP Inside Track Productions LLP	Telrock IT Services Ltd LBS Properties Ltd CeMD Inc SJJK Consulting Limited
Constantino Rocos	Microlise Group plc Clipper Logistics plc Segura Systems Limited Future Retail Logistics Limited	None

9.2 Save as disclosed in this paragraph 9, none of the Directors has:

9.2.1 any unspent convictions in relation to indictable offences;

9.2.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;

9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he was a director of that company or within the 12 months after he ceased to be a director;

9.2.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he owned that asset, or while he was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;

9.2.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or

9.2.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

9.3 Jonathan Lee was a director of VLOC Holdings Limited when it entered into a voluntary striking off. It appointed a voluntary liquidator on 1 December 2009 and was dissolved on 29 October 2010. The total shortfall to creditors was approximately £780,000.

9.4 Bill Wynn was appointed:

9.4.1 as a director of Lifeboat Financial Group (and its subsidiaries) in January 2003. Lifeboat Financial Group and its subsidiary companies were put into administration in August 2005, whilst Bill Wynn was a director.

9.4.2 as a director of Seven Mountains AS (and its subsidiaries) in January 2001. Seven Mountains AS and its subsidiaries companies were put into voluntary administration in 2002, whilst Bill Wynn was a director.

9.5 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

9.6 No loans made or guarantees granted or provided by any member of the Company to or for the benefit of any Director are outstanding and there are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries.

9.7 There are no service contracts, in respect of the members of the administrative, management or supervisory bodies', with the Company or any of its subsidiaries providing for benefits upon termination of employment, save for statutory provisions for redundancy.

10. Significant Shareholders

10.1 Save as disclosed in paragraph 7.1 of this Part V, the Company is only aware of the following persons who, as at the date of this document and immediately following Admission, are or will be immediately following Admission interested (within the meaning used in Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally, in 3 per cent. or more of the Company's issued share capital or could exercise control over the Company:

	At the date of this document		*Immediately following Admission*	
Name	*No. of Existing Ordinary Shares*	*Percentage of issued share capital*	*No. of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Nadeem Raza	57,999,942	56.77%	57,999,942	50.02%
Robert Harbey	28,537,654	27.93%	5,801,617	5.00%
Roy Allum	10,213,794	10.00%	4,287,751	3.70%
William Wynn	3,683,416	3.61%	1,841,708	1.59%
Liontrust Investment Partners LLP	0	0%	8,923,892	7.70%
BGF Investment Management Limited	0	0%	5,925,926	5.11%
Canaccord Genuity Wealth Management	0	0%	5,128,673	4.42%
Threadneedle Asset Management Limited	0	0%	5,103,030	4.40%
Ninety One UK Limited	0	0%	3,616,863	3.12%

(1) Robert Harbey's holding includes Ordinary Shares held in the Harbey Family Trust, a trust held for the benefit of Robert Harbey's family.

10.2 Save as disclosed in paragraph 10.1 above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the

Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

10.3 None of the Directors nor any persons named in paragraph 10.1 above has voting rights which are different to those of other Shareholders.

11. Employees

As at 31 December 2020 the Group had a total of 602 permanent employees across all locations as follows:

- United Kingdom – 419
- United Kingdom (TruTac) – 34
- India – 139
- France – 4
- Australia & New Zealand – 4
- Ireland – 1
- Sweden – 1

12. Remuneration policy

12.1 The Company's remuneration policy is designed to provide a framework to:

- attract, motivate and retain executives and senior management to deliver the Company's strategic, business development and growth goals;
- incentivise strong financial performance and reward the delivery of the Company's business plan;
- align the interests of executives and senior management with the interest of shareholders; and
- adhere to principles of good corporate governance.

12.2 As an AIM company, the Company is not required to have a shareholder-approved Directors' remuneration policy. However, the Board is committed to achieving high standards of corporate governance, integrity and business ethics, and the Remuneration Committee has approved the following remuneration policy for its Directors which it intends to operate on a voluntary basis post-Admission.

12.2.1 *Salary*

Salaries are reviewed annually and are set at a level considered appropriate for the size and nature of the business, taking into account individual performance, and pay and conditions, of the wider workforce.

12.2.2 *Pension contribution*

Directors will be assessed for eligibility to participate in the Company's Group personal pension plan under the terms of auto enrolment.

12.2.3 *Benefits*

Directors will receive market competitive benefits, including (but not limited to) private medical insurance.

12.2.4 *Share Option Schemes*

Employees (including Directors) may participate, at the discretion of the Remuneration Committee, in the Company's share option schemes, which are summarised at paragraph 13 of this Part V.

13. Employee Share Plan

Following Admission, the Company intends to operate a performance based discretionary share plan in which all employees will be able to participate. The Microlise Group Performance Share Plan ("**Performance Share Plan**") is a discretionary share plan which will be administered and operated by the Board and/or the Remuneration Committee. Decisions in relation to the participation in the Performance Share Plan by the executive directors will be taken by the Remuneration Committee.

Eligibility

Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the Performance Share Plan at the discretion of the Remuneration Committee. Awards will be granted to executive directors in line with any applicable remuneration policy (the "**Policy**"). A subsection of the Performance Share Plan will permit awards to non-executive directors, but any such awards will not be subject to performance conditions so as to preserve independence.

Form of awards

Awards under the Performance Share Plan may be in the form of: (a) a conditional right to acquire Ordinary Shares in the Company (a "Conditional Award"); (b) an option to acquire Ordinary Shares either at no cost (a nil-cost option), for an exercise price per Ordinary Share equal to the nominal value of an ordinary share (a nominal-cost option) (together an "**Option**").

Conditional Awards and Options are together referred to as "Performance Share Awards", and each a "Performance Share Award", as appropriate.

Grant of Performance Share Awards

Performance Share Awards may normally be granted within the six week period beginning on: the date the Performance Share is adopted; the six week period commencing on the dealing day after the end of a closed period for the Company under UK MAR.

Performance conditions

The Board may determine if a Performance Share Award will be granted subject to the satisfaction of a performance condition which will determine the proportion (if any) of the Performance Share Award which will vest at the end of a performance period. A performance period will usually be a minimum of three years long (or such other duration as the Remuneration Commitee determines).

Any performance condition may be varied or substituted if the Remuneration Commitee so determines provided that in the opinion of the Remuneration Commitee any varied or substituted performance condition is a fairer measure of performance, no more difficult to satisfy than the original performance condition was at the grant date and is not materially easier to satisfy.

Vesting, release and exercise

Performance Share Awards subject to a performance condition will normally vest as soon as practicable following the end of the performance period to the extent that the performance condition has been satisfied unless otherwise stated at grant. Performance Share Awards not subject to a performance condition will usually vest on the third anniversary of the grant date (or on such other date or dates as the Remuneration Commitee determines).

Performance Share Awards may be subject to a holding period of up to two years following vesting (a "Holding Period"). A Performance Share Award which is subject to a Holding Period will ordinarily be released (so that the participant is entitled to acquire the Ordinary Shares) following the end of the Holding Period. Alternatively, Performance Share Awards that are subject to a Holding Period may be granted on the basis that the participant is entitled to acquire Ordinary Shares following vesting but that, other than sales to cover tax liabilities, they are not entitled to dispose of Ordinary Shares until the end of the Holding Period. Performance Share Awards which are not subject to a Holding Period will ordinarily be released at vesting. Performance Share Awards granted in the form of Options will normally be exercisable from the date of vesting or, if applicable, the end of the Holding Period until the tenth anniversary of the grant date, or such earlier date as the Remuneration Committee determines.

Recovery provisions (malus and clawback)

At any time prior to the fifth anniversary of the grant of an Performance Share Award, the Board may reduce (to zero if appropriate) the Performance Share Award or impose further conditions on it (if Ordinary Shares have not been delivered in respect of it, including if it is subject to a Holding Period) or may require the participant to either return some or all of the shares acquired pursuant to the Performance Share Award. The circumstances in which the Board may invoke these malus and clawback provisions are where, during the period ending on the fifth anniversary of the grant date (or such other duration as determined by the Board), there is reasonable evidence of misbehaviour and/or failure to meet appropriate standards of fitness and propriety; conduct which in the opinion of the Board resulted in significant loss or reputational damage to the Company or any Group Company; the relevant business unit or, as applicable, the Group has suffered a material downturn in its financial performance; and/or the Company or any Group company, the relevant business unit or, as applicable, the Group has suffered a material failure of risk management, (each, a "Trigger Event").

Leaver provisions

Unvested Performance Share Awards

Ordinarily, unvested Performance Share Awards will lapse on cessation of employment. However, if a participant ceases to hold office or employment by reason of ill-health, injury, disability, retirement with the agreement of the employer or as agreed by the Renumeration Committee within 30 days of the cessation of his employment (a "Good Leaver"), any unvested Performance Share Award they hold will usually continue and be released at the originally anticipated vesting date, or release date where there is a Holding Period. The Remuneration Committee will retain the discretion to vest the Performance Share Award as soon as reasonably practicable after the cessation of employment or at some other time (such as following the end of the performance period in the case of a Performance Share Award which would otherwise be subject to a Holding Period). If a participant ceases employment by reason of death the Performance Share Award will be released as soon as reasonably practicable thereafter. The extent to which an Performance Share Award held by a Good Leaver or a participant that dies is released will be determined by reference to (a) the extent to which any performance condition has been satisfied (as determined by the Board in the event of release before the end of the performance period) and (b) unless the Board determines otherwise, taking into account the proportion of the performance period (or vesting period in the case of an Performance Share Award that is not subject to a performance condition) that has elapsed at the date of cessation.

Vested Options

Good Leavers will be entitled to retain vested Options for a period of six months following cessation (or if the Performance Share Award is subject to a Holding Period, unless the Remuneration Committee determines otherwise, six months after the end of the Holding Period) or twelve months after death, following which the Options shall lapse.

14. Material Contracts

Other than as set out below and in paragraph 15 of this Part V, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

14.1 ***Facility Agreements***

The Company entered into a facility agreement dated 21 September 2018 with HSBC UK Bank plc pursuant to which HSBC UK Bank plc made available a facility of £19 million to the Group by way of three term of loans of £9,000,000, £6,000,000 and £1,500,000 and a revolving credit facility of £2,500,000 with an additional uncommitted accordion facility for up to a further £10,000,000 (the "**Facility Agreement**"). Pursuant to the terms of the Facility Agreement, the Group could apply the amounts borrowed towards payment of acquisition costs, refinancing certain financial indebtedness, partly financing the purchase of certain properties and refinancing certain financial indebtedness to third parties. Any amounts borrowed under the revolving credit facility were to be applied towards the general corporate purposes of the Group. The Group entered into a debenture in favour of HSBC UK Bank plc in respect of all liabilities arising under the Facility Agreement. The Facility Agreement was terminated upon the entering into of the New Facility Agreement described below.

On 16 July 2021 the Group entered into the New Facility Agreement with HSBC UK Bank plc in respect of a revolving facility of £20 million. Pursuant to the agreement, the facilities are conditional upon, among other things, Admission and repayment of existing borrowings under the Facility Agreement. The facility may be used for general corporate and working capital purposes and for permitted acquisitions. Interest is payable on amounts drawn at a rate of 2.75 per cent. above the Bank of England base rate. The term of the facility is 3 years from 16 July 2021. All amounts become immediately repayable and undrawn amounts cease to be available for drawdown in the event of a "Change in Control" as defined in the New Facility Agreement or a sale of all or substantially all of the assets of the Group. The agreement contains representations, warranties and covenants which are usual for an agreement of this nature together with certain financial covenants. In particular there are covenants that interest cover (ratio of EBITDA to net finance charges) in any relevant period shall not be less than 4.00:1 and that leverage (ratio of total net debt to adjusted EBITDA) in any relevant period shall not be more than 2.00:1.

14.2 ***Share Purchase Agreement***

Pursuant to a share purchase agreement dated 9 March 2020, the Company acquired the entire issued share capital of TruTac Limited ("**Share Purchase Agreement**"). The Share Purchase Agreement contains an element of deferred consideration payable in three equal tranches on the first, second and third anniversaries of completion of the agreement. The Share Purchase Agreement contains warranties and indemnities which are usual for an agreement of this nature.

14.3 ***Placing Agreement***

Pursuant to the Placing Agreement dated on or around the date of this document between the Company, each Director, the Nomad and Singer, Singer and the Nomad have agreed subject to certain conditions (including Admission), as agent for the Company and the Directors to use its reasonable endeavours to procure Placees for the New Shares at the Placing Price. The Placing Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 22 July 2021 or by such later date as is agreed in writing between the Company and Singer, being not later than 8.00 a.m. on 31 August 2021. The Placing Agreement contains certain customary representations and warranties from the Company and the Directors, in favour of Singer and the Nomad, as to the accuracy of the information in this document and certain other matters concerning the Company and an indemnity from the Company to Singer, the Nomad and their associates in respect of certain liabilities and claims that may arise or be made against them in connection with the New Placing, Vendor Placing and Admission. The Company has agreed to pay Singer and the Nomad a corporate finance fee and immediately on Admission to pay to Singer a commission on the aggregate value of the Placing Shares subscribed for at the Placing Price and to reimburse certain costs and expenses of the Placing, together with any applicable VAT. Singer and the Nomad have the right to terminate the Placing Agreement prior to Admission in certain circumstances, including, inter alia, the Vendor Placing Agreement having been terminated, any breach by the Company or any Director of any of their respective obligations or warranties in the Placing Agreement or in certain force majeure situations. If the Placing Agreement is terminated, the Placing will not proceed and no New Shares will be issued and no Sale Shares will be sold under the Placing. The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

14.4 ***Selling Shareholder Agreement***

Pursuant to the Selling Shareholder Agreement dated on or around the date of this document between the Company, each Selling Shareholder, the Nomad and Singer, Singer has agreed, subject to certain conditions (including Admission), as agent for the Company and the Selling Shareholders to use its reasonable endeavours to procure Placees for the Sale Shares to be sold by the Selling Shareholders at the Placing Price. The Selling Shareholder Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 22 July 2021 or by such later date as is agreed in writing between the Company and Singer, being not later than 8.00 a.m. on 31 August 2021. The Selling Shareholder Agreement contains certain customary representations and warranties from the Selling Shareholders, in favour of Singer and the Nomad, as to the accuracy of the information in this document and each Selling Shareholder's title to the Ordinary Shares being sold by him. The Selling Shareholder Agreement also contains an indemnity given to Singer, the Nomad and their associates by certain of the Selling Shareholders in respect of certain liabilities and claims that may arise against them in connection with the Vendor Placing and Admission. Singer and the Nomad have the right to terminate the Selling Shareholder Agreement prior to Admission in certain circumstances, including, inter alia, the Placing Agreement having been terminated, any breach by a Selling Shareholder of any of their respective obligations or warranties in the Selling Shareholder Agreement or in certain force majeure situations. If the Selling Shareholder Agreement is terminated, no Sale Shares will be sold under the Placing. The

Selling Shareholder Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

14.5 ***Nominated Adviser and Broker Engagement Letter***

The Company and Singer have entered into a nominated adviser and broker engagement letter dated 21 January 2021 (the "Nominated Adviser and Broker Letter"), pursuant to which, and conditional upon Admission, the Company has appointed Singer to act as its nominated adviser and broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay Singer an annual advisory fee for its services as nominated adviser and broker under such agreement, payable quarterly in advance from the date of Admission.

14.6 ***Relationship Agreement***

Nadeem Raza (and connected parties) will hold 57,999,942 Ordinary Shares on Admission, representing approximately 50.0 per cent. of the Enlarged Share Capital. He has undertaken to the Company and Singer that, for so long he (either alone or together with any connected parties) is interested in Ordinary Shares carrying 20 per cent. or more of the Company's voting share capital, he will not act to unduly influence the Company or its Board or otherwise interfere with the day-to-day management of the Company. The Relationship Agreement also provides for Nadeem Raza to have a right to appoint a director to the Board (if he is not a director himself). This right applies for so long as Nadeem Raza (either alone or together with any connected parties) is interested in Ordinary Shares carrying 20 per cent. or more of the Company's voting share capital.

14.7 ***Registrar Agreement and Receiving Agent Agreement***

Pursuant to an agreement for the provision of registrar and associated services dated 18 July 2021 between the Registrars and the Company and an agreement for the provision of receiving agent and associated services dated 12 July 2021 between the Registrars and the Company, the Registrars agreed to provide certain registrar, receiving agent and associated services to the Company in accordance with the Act and, insofar as the following are applicable, the AIM Rules for Companies and/or the rules of the UK Listing Authority.

14.8 ***Lock-in Agreements***

Pursuant to the Lock-in Agreements, each of the Locked-in Shareholders (such Shareholders together holding 70,646,638 Ordinary Shares at Admission representing 60.93 per cent. of the Enlarged Share Capital) has undertaken to the Company and Singer that, save in specified and customary circumstances summarised below, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for the period ending: 12 months from Admission ("**the Restricted Period**").

In addition, the Locked-in Shareholders have agreed, for a further period of 12 months following expiry of the Restricted Period not to dispose of any Ordinary Shares except through Singer with a view to maintaining an orderly market in the Ordinary Shares.

There are certain market standard exceptions to the restrictions on disposal set out in the Lock-in Agreements, including among others, disposals to (in certain circumstances) a person acting in the capacity of a trustee of a trust, disposals in acceptance of a general offer made to all Shareholders, disposals by court order, disposal in the event of financial hardship of a Locked-in Shareholder who is an employee Shareholder, and disposals by the personal representative after the death of a Locked-in Party (if applicable).

14.10 ***Shareholders' Agreement***

The Company entered into an investment and shareholders' agreement with certain shareholders dated 21 September 2018 (the "Shareholders' Agreement"). The Shareholders' Agreement terminates with effect from Admission, such termination being without prejudice to any accrued rights.

14.11 ***Director Indemnities***

Each of the Directors have entered into agreement with the Company dated 16 July 2021 pursuant to which the Company has agreed to indemnify each Director to the fullest extent permitted by English law for any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, or omitted to be done, by him in connection with the lawful exercise of his powers, duties and responsibilities as a Director.

15. Related Party Transactions

The following transactions are the only related party transactions which, as a single transaction or in their entirety, are or may be material (within the meaning of the AIM Rules for Companies) to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document and in respect of the period commencing on 1 January 2021 to the date of this document:

15.1 the transactions referred to in note 21 to the financial statements in Part III Section B, Part I of this document and note 20 to the financial statements in Part III, Section B, Part II of this document;

15.2 the Shareholders' Agreement, as further described at paragraph 14.9 of this Part IV; and

15.3 the directors' indemnities, as further described at paragraph 14.10 of this Part IV.

16. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries save for:

Microlise Limited has issued a claim against James Kemball Limited (JKL) and Uniserve Holdings Limited (UHL) in the amount of £360,840.16 in relation to services provided to these companies dating back to September 2016. The claim is well advanced and the case has been assigned by the court to the multi-track in the commercial court and pre-trial formalities are to be completed. The anticipated completion or settlement of this claim is currently unknown. JKL and UHL have issued a defence and counterclaim which they value at approximately £2,000,000 which to date has not been substantiated in sufficient detail. The counterclaim is based around defaults with the devices and systems provided by Microlise Limited and breach of contract. The current advice received by the Company from its litigation lawyers is that the claim is strong as it is essentially a claim for debt, and that the defendants' defence and counter claim is poor and they have not substantiated in any detail the details of the counter claim.

17. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and the Group, taking into account the net proceeds of the Placing, will be sufficient for its present requirements that is for at least the next twelve months from the date of admission to AIM.

18. Significant Change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 31 December 2020, being the date to which the unaudited interim financial information in Part IV has been prepared.

19. General

19.1 The gross proceeds of the New Placing are expected to be £18.6 million, with the total net proceeds of the New Placing receivable by the Company after settling fees expected to be approximately £14.3 million. The total costs and expenses relating to Admission and the Placing (including those fees and commissions referred to in paragraph 14.3 above) payable by the Company are estimated to be £4.3 million (excluding VAT).

19.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.

19.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 August, application moneys will be returned to the Placees at their risk without interest.

19.4 The Placing Price represents a premium of 134.9 pence over the nominal value of £0.001 per Ordinary Share. The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.

19.5 Singer, the broker and sole bookrunner to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Singer has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.

19.6 Singer Capital Markets Advisory LLP, the nominated adviser to the Company is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Singer Capital Markets Advisory LLP has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.

19.7 BDO LLP, Chartered Accountants and registered auditors of Two Snowhill, Birmingham, B4 6GA has given and not withdrawn its written consent to the inclusion in this document of its reports in Section A of Part III of this document in the form and context in which they appear.

19.8 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.9 It is expected that definitive share certificates will be despatched by hand or first class post within 14 days after Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as reasonably practical on 22 July.

19.10 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

19.11 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.

19.12 The ISIN for the Ordinary Shares is GB00BLR8L223.

19.13 The Ordinary Shares will only be traded on AIM.

19.14 This document has not been approved by the FCA.

19.15 Save as disclosed in this document, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

19.16 Save as disclosed in this document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

19.17 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

19.18 Pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

20. UK Taxation

The following information is based on UK tax law and HM Revenue and Customs ("HMRC") practice currently in force in the UK (2021/22 UK tax year). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person (individual or corporate) who is in any doubt about his or her position should contact their professional advisor immediately.

20.1 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are tax resident in the UK under domestic law and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

(a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5 per cent., of any of the classes of shares in the Company; or

(b) who will be required to treat the Ordinary Shares as "employment related securities" for UK tax purposes; or

(c) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or

(d) who are in any doubt as to their UK taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares (in the case of a temporary non-resident where the Ordinary Shares were acquired in the temporary period of non-residence). Such Shareholders should consult their own tax advisers concerning their tax liabilities.

20.2 *UK Dividends*

Where the Company pays dividends no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

UK dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. UK dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

20.3 ***Disposals of Ordinary Shares***

Any capital gain arising on the sale, redemption, transfer, gift, or other disposal of these Ordinary Shares will be taxed at the time of such disposal under UK capital gains tax/corporation tax provisions.

The rate of capital gains tax on the disposal of Ordinary Shares by individuals will depend on their marginal rate of UK tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

For Shareholders within the charge to UK corporation tax who acquired Ordinary Shares before 1 January 2018, indexation allowance up until 31 December 2017 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a company's taxable profits (including gains) is currently 19 per cent. Please note that the UK Government announced in March 2021 that the corporation tax rate will increase to 25 per cent. from 1 April 2023. A small profits rate will also be introduced from 1 April 2023 for some companies with profits of £50,000 or less so that they continue to pay corporation tax at 19 per cent. on those profits. Companies with profits between £50,000 and £250,000 will pay corporation tax at the main rate of 25 per cent. reduced by a marginal relief. The £50,000 and £250,000 limits will be shared between associated companies and closely held investment companies will not benefit from the small profits rate

20.4 ***Further information for Shareholders subject to UK income tax and capital gains tax***

Transactions in securities

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities". Should these specific provisions apply the result could be to re- characterise capital gains as income.

20.5 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

(a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any other market which is not a "recognised growth market" (with the terms "listed" and "recognised growth market" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(b) AIM continues to be accepted as a "recognised growth market" (as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

21. Availability of this document

Copies of this document are available free of charge at the offices of DWF Law LLP at 20 Fenchurch Street, London EC3M 3AG during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and shall remain available for at least one month after Admission. An electronic version of this document will also be available to download from the Company's website, www.microlise.com from Admission.

19 July 2021

PART VI

TERMS AND CONDITIONS OF THE PLACING

PLACING TERMS

IMPORTANT INFORMATION FOR INVITED PLACEES ONLY REGARDING THE PLACING.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE EU PROSPECTUS REGULATION; (B) IN THE UNITED KINGDOM, PERSONS WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE PROSPECTUS REGULATION AND WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE EU PROSPECTUS REGULATION; AND (B) IN THE UNITED KINGDOM, PERSONS WHO ARE "QUALIFIED INVESTORS" AS DEFINED IN ARTICLE 2(E) OF THE PROSPECTUS REGULATION AND WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THIS DOCUMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS DOCUMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATION S UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS DOCUMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED

BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this document should seek appropriate advice before taking any action.

This Document should be read in its entirety. In particular, you should read and understand the information provided in this Part VI.

By participating in the Placing, each person who chooses to participate in the Placing (a "Placee") will be deemed to have read and understood this document in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part VI.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;

2. in the case of a Relevant Person in the United Kingdom who acquires any Placing Shares pursuant to the Placing:

   2.1 it is a Qualified Investor within the meaning of Article 2(e) of the Prospectus Regulation;

   2.2 in the case of any Placing Shares acquired by it as a financial intermediary:

      2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than Qualified Investors or in circumstances in which the prior consent of Singer has been given to the offer or resale; or

      2.2.2 where Placing Shares have been acquired by it on behalf of persons in the United Kingdom other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;

3. in the case of a Relevant Person in a member state of the EEA (a "Relevant State") who acquires any Placing Shares pursuant to the Placing:

   3.1 it is a Qualified Investor within the meaning of Article 2(e) of the EU Prospectus Regulation;

   3.2 in the case of any Placing Shares acquired by it as a financial intermediary:

      3.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than Qualified Investors or in circumstances in which the prior consent of Singer has been given to the offer or resale; or

      3.2.2 where Placing Shares have been acquired by it on behalf of persons in any Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;

4. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;

5. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part VI;

6. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 4 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act;

7. it acknowledges that the Placing Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and

8. the Company, the Nomad and Singer will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this document and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules for Companies (the "AIM Rules")) by or on behalf of the Company on or prior to Admission (the "Publicly Available Information") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of the Nomad, Singer, the Company, the Selling Shareholders or any other person and none of the Nomad, Singer, the Company, the Selling Shareholders or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

N +1 Singer makes no representation to any Placees regarding an investment in the Placing Shares.

Details of the Placing Agreement, the Selling Shareholder Agreement and the Placing Shares

Pursuant to the Placing Agreement with the Company and subject to the terms and conditions set out in the Placing Agreement, Singer, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the New Shares at the Placing Price.

Pursuant to the Selling Shareholder Agreement with the Company and the Selling Shareholders and subject to the terms and conditions set out in the Selling Shareholder Agreement, Singer, as agent for and on behalf of the Selling Shareholders, has agreed to use its reasonable endeavours to procure Placees for the Sale Shares at the Placing Price.

The New Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares in the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the New Shares.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Ordinary Shares (Including the Placing Shares) to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on or around 22 July and that dealings in the Ordinary Shares on AIM will commence at the time of Admission.

Participation in the Placing

This Part VI gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares. Singer and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

Principal terms of the Placing

1. The Nomad and Singer are acting as nominated adviser, financial adviser and bookrunner to the Placing (as applicable), as agent for and on behalf of the Company. The Nomad and Singer are authorised and regulated in the United Kingdom by the FCA and are acting exclusively for the Company (in respect of the New Placing Shares) and for the Selling Shareholders (in respect of the Sale Shares) and no one else in connection with the matters referred to in this document and will not be responsible to anyone other than the Company or the Selling Shareholders for providing the protections afforded to the customers of Singer or for providing advice in relation to the matters described in this document.

2. Participation in the Placing will only be available to persons who may lawfully do so, and who are, invited by Singer to participate in the Placing. Singer and any of its respective affiliates are entitled to participate in the Placing as principal.

3. The final number of Placing Shares to be issued or acquired at the Placing Price will be agreed and determined between Singer and the Company and such details will be announced by the Company through a Regulatory Information Service pursuant to the placing results announcement.

4. Each Placee's allocation in the Placing shall be determined by Singer and the Company. Placees commitments to subscribe for and/or acquire the Placing Shares will be made orally to Singer on a recorded telephone line and a form of confirmation documenting such commitment will be despatched by Singer by email as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of Singer and the Company, under which it agrees to subscribe for and/or acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part VI and in accordance with the Company's articles of association. Except with Singer's written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part VI will also be deemed incorporated in the form of confirmation.

5. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Singer (as agent for the Company and the Selling Shareholders), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and/or acquire and the Company has agreed to allot and issue and the relevant Selling Shareholder has agreed to sell to that Placee.

6. Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be subscribed for and/or acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".

7. All obligations of Singer and the Nomad under the New Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the New Placing" and to the New Placing not being terminated on the basis referred to below under "Termination of the New Placing".

8. All obligations of Singer and the Nomad under the Vendor Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Vendor Placing" and to the Vendor Placing not being terminated on the basis referred to below under "Termination of the Vendor Placing".

9. By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

10. To the fullest extent permissible by law and applicable FCA rules, none of: (a) Singer, (b) the Nomad, (c) any of Singer's or the Nomad's affiliates, agents, directors, officers, consultants, (d) to the extent

not contained within (a), (b) or (c), any person connected with Singer as defined in the Financial Services and Markets Act 2000 ("FSMA") ((b) and (c) being together "affiliates" and individually an "affiliate" of Singer), (d) any person acting on Singer's or the Nomad's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, none of Singer, the Nomad nor any of its respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as Singer, the Nomad and the Company may agree.

Registration and Settlement

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic trade confirmation by Singer, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to Singer.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by Singer in accordance with either the standing CREST or certificated settlement instructions which they have in place with Singer.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place in respect of the Placing Shares on 22 July and Admission is expected to occur no later than 8.00 a.m. on 22 July unless otherwise notified by Singer.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Singer may agree that the Placing Shares should be issued in certificated form. Singer reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by Singer.

Each Placee agrees that, if it does not comply with these obligations, Singer may sell, charge by way of security (to any funder of Singer) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for Singer's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by Singer a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Conditions of the New Placing

The obligations of Singer and the Nomad under the Placing Agreement are, and the Placing is, conditional upon, *inter alia*:

(a) the Company allotting the new shares in accordance with the terms of the Placing Agreement;

(b) the performance by the Company of its obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;

(c) agreement by the Company and Singer of the final number of New Shares to be issued at the Placing Price pursuant to the Placing and the allocation of such New Shares to Placees;

(d) Neither Singer nor the Nomad having exercised its right to terminate the Placing Agreement; and

(e) Admission occurring by not later than 8.00 a.m. on 22 July (or such later date as the Company and N1 Singer may agree in writing, in any event being not later than 31 August),

(all conditions to the obligations of Singer and the Nomad included in the Placing Agreement being together, the "conditions").

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company, the Nomad and Singer may agree, provided that the time for satisfaction of the condition set out in (e) above shall not be extended beyond the Longstop Date, or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by Singer and the Nomad, in their absolute discretion by notice in writing to the Company and Singer and the Nomad may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this document.

Singer and the Nomad may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither Singer, the Nomad, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Singer.

Conditions of the Vendor Placing

The obligations of Singer and the Nomad under the Selling Shareholder Agreement are, and the Vendor Placing is, conditional upon, *inter alia*:

(a) the performance by the Company or the Selling Shareholders of its obligations under the Selling Shareholder Agreement to the extent that they fall to be performed prior to Admission;

(b) Neither Singer or the Nomad having exercised its right to terminate the Selling Shareholder Agreement; and

(c) Admission occurring by not later than 8.00 a.m. on 22 July (or such later date as the Company and Singer may agree in writing, in any event being not later than 31 August),

(all conditions to the obligations of Singer included in the Selling Shareholder Agreement being together, the "conditions").

If any of the conditions set out in the Selling Shareholder Agreement are not fulfilled or, where permitted, waived in accordance with the Selling Shareholder Agreement within the stated time periods (or such later time and/or date as the Company, the Nomad and Singer may agree, provided that the time for satisfaction of the condition set out in (c) above shall not be extended beyond the Longstop Date, or the Selling Shareholder Agreement is terminated in accordance with its terms, the Vendor Placing will lapse and the

Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Vendor Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Vendor Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by Singer and the Nomad, in their absolute discretion by notice in writing to the Company, the Nomad and Singer may also agree in writing with the Company and/or the Selling Shareholders to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this document.

Singer and the Nomad may terminate the Selling Shareholder Agreement in certain circumstances, details of which are set out below.

Neither Singer, the Nomad, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Vendor Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Vendor Placing and by participating in the Vendor Placing each Placee agrees that any such decision is within the absolute discretion of Singer.

Termination of the New Placing

Singer or the Nomad may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

1. if the Selling Shareholder Agreement is terminated prior to Admission; or

2. it comes to the attention of Singer or the Nomad that any of the warranties were not true or accurate, when given or deemed given; or

3. it comes to the attention of Singer or the Nomad that the Company has failed to comply with any of its obligations under the Placing Agreement; or

4. it comes to the attention of Singer or the Nomad that any statement contained in the placing documents has become or been discovered to be untrue, incorrect or misleading;

5. it comes to the attention of Singer or the Nomad that a matter has arisen before Admission to give rise to an indemnity claim under the Placing Agreement; or

6. there has occurred a force majeure event, or any material adverse change has occurred in the financial position or prospects or business of the Company and its subsidiary undertakings (taken as whole) which, in the opinion of Singer or the Nomad, will or is likely to be prejudicial to the Placing, the Vendor Placing or Admission or to the acquisition of Placing Shares by Placees.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company, the Nomad and Singer that the exercise by the Company, the Nomad or Singer of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company, the Nomad or Singer and that neither of the Company, the Nomad nor Singer need make any reference to such Placee and that neither Singer, the Nomad, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the New Placing" section above and will not be capable of rescission or termination by it after the issue by Singer of a form of confirmation confirming each Placee's allocation and commitment in the Placing.

Termination of the Vendor Placing

Singer or the Nomad may terminate the Selling Shareholder Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

7. If the Placing Agreement is terminated prior to Admission; or

8. it comes to the attention of Singer or the Nomad that any of the warranties were not true or accurate, when given or deemed given; or

9. it comes to the attention of Singer or the Nomad that the Company has failed to comply with any of its obligations under the Selling Shareholder Agreement; or

10. it comes to the attention of Singer or the Nomad that any statement contained in the placing documents has become or been discovered to be untrue, incorrect or misleading;

11. it comes to the attention of Singer or the Nomad that a matter has arisen before Admission to give rise to an indemnity claim under the Selling Shareholder Agreement; or

12. there has occurred a force majeure event, or any material adverse change has occurred in the financial position or prospects or business of the Company and its subsidiary undertakings (taken as whole) which, in the opinion of Singer or the Nomad, will or is likely to be prejudicial to the Vendor Placing or Admission or to the acquisition of Vendor Placing Shares by Placees.

If the Selling Shareholder Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Vendor Placing as described in this document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Vendor Placing, each Placee agrees with the Company, the Nomad and Singer that the exercise by the Company, the Nomad or Singer of any right of termination or any other right or other discretion under the Selling Shareholder Agreement shall be within the absolute discretion of the Company, the Nomad or Singer and that neither of the Company, the Nomad nor Singer need make any reference to such Placee and that neither Singer, the Nomad, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Vendor Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Vendor Placing" section above and will not be capable of rescission or termination by it after the issue by Singer of a form of confirmation confirming each Placee's allocation and commitment in the Vendor Placing.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where Singer expressly agree in writing to the contrary):

1. it has read and understood this document in its entirety and that its subscription or acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Selling Shareholders, the Placing Shares or otherwise, other than the information contained in this document and the Publicly Available Information;

2. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;

3. the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;

4. it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither Singer, the Nomad, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this document, or the Publicly Available Information; nor has it requested neither of Singer, the Nomad, the Selling Shareholders, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;

5. neither Singer, the Nomad nor any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

6. (a) the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for and/or acquire the Placing Shares is contained in the Publicly Available Information and this document, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information and the information contained in this document;

   (b) neither Singer, the Nomad, the Selling Shareholders, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information and the information contained in this document;

   (c) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and

   (d) has not relied on any investigation that Singer or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;

7. the content of this document and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that none of Singer, the Nomad, the Selling Shareholders or any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this document, the Publicly Available Information or otherwise. Nothing in this Part VI shall exclude any liability of any person for fraudulent misrepresentation;

8. the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, the Republic of Ireland, Australia, Canada, Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred,

directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;

9. it and/or each person on whose behalf it is participating:

   9.1 is entitled to subscribe for and/or acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;

   9.2 has fully observed such laws and regulations;

   9.3 has capacity and authority and is entitled to enter into and perform its obligations as a subscriber and/or an acquirer of Placing Shares and will honour such obligations; and

   9.4 has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part VI) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription or acquisition of Placing Shares;

10. it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed for and/or acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;

11. the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;

12. it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;

13. it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;

14. it will not distribute, forward, transfer or otherwise transmit this document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;

15. neither Singer, the Nomad, their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Singer and neither Singer nor the Nomad have no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or Selling Shareholder Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

16. it has the funds available to pay for the Placing Shares for which it has agreed to subscribe for and/or acquire and acknowledges and agrees that it will make payment to Singer for the Placing Shares allocated to it in accordance with the terms and conditions of this document on the due times and dates set out in this document, failing which the relevant Placing Shares may be placed with others on

such terms as Singer may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee's Placing Shares on its behalf;

17. no action has been or will be taken by any of the Company, the Selling Shareholders, the Nomad, Singer or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;

18. the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither Singer, the Nomad nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to subscribe for and/or acquire Placing Shares pursuant to the Placing and agrees to pay the Company and Singer in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of Singer or transferred to a CREST stock account of Singer who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;

19. it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and Singer for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

20. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;

21. it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

22. it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any member state of the EEA within the meaning of the EU Prospectus Regulation;

23. if it is a person in the United Kingdom, it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (b) Article 2(e) of the Prospectus Regulations. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

24. if it is a person in the EEA, it is a person of a kind described in Article 2(e) of the EU Prospectus Regulation. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

25. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;

26. it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);

27. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Regulation (for financial intermediaries in the United Kingdom), and Article 3(2) of the EU Prospectus Regulation (for financial intermediaries in the EEA) (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA or the United Kingdom other than Qualified Investors, or in circumstances in which the express prior written consent of Singer has been given to the offer or resale;

28. it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;

29. neither Singer, the Nomad nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;

30. neither Singer, the Nomad, the Selling Shareholders, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of Singer, the Nomad, the Selling Shareholder, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement or Selling Shareholder Agreement nor the exercise or performance of Singer's or the Nomad's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

31. Singer may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, Singer will not make any public disclosure in relation to such transactions;

32. Singer, the Nomad and each of their respective affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by Singer , the Nomad and/or any of their respective affiliates, acting as an investor for its or their own account(s). None of Singer, the Nomad, the Selling Shareholders or the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;

33. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

34. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the EU Market Abuse Regulation No. 596 of 2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;

35. in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Singer (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to Singer's or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Singer's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at Singer's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Singer's (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, Singer and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

36. its commitment to acquire Placing Shares on the terms set out in this document and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's, the Selling Shareholders', the Nomad's or Singer's conduct of the Placing;

37. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;

38. it irrevocably appoints any duly authorised officer of Singer as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this document;

39. the Company, the Nomad, Singer and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to Singer, on their own behalf and on behalf of the Company and are irrevocable;

40. if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;

41. neither it nor, as the case may be, its clients expect Singer to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that Singer is not acting for it or its clients, and that Singer will not be responsible for providing the protections afforded to customers of Singer or for providing advice in respect of the transactions described herein;

42. it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;

43. it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;

44. it represents and warrants that, to the extent it has received any inside information (for the purposes of MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to MAR and the securities of the Company or any such related company, it has not:

    (a) dealt (or attempted to deal) in the securities of the Company or any related company;

    (b) encouraged, recommended or induced another person to deal in the securities of such company; or

    (c) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;

45. it undertakes to Singer at the time of making its commitment to acquire Placing Shares that it will confirm in writing to Singer in the form of confirmation sent by Singer to Placees the number of Placing Shares it intends to acquire (or which will otherwise comprise Relevant Funding) and those Placing Shares in respect of which such relief will not be sought (or which will otherwise not comprise Relevant Funding);

46. as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company;

47. it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company, the Nomad or Singer to provide any legal, tax or other advice to it;

48. it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only;

49. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;

50. time is of the essence as regards its obligations under this Part VI;

51. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Singer;

52. the Placing Shares will be issued subject to the terms and conditions of this Part VI; and

53. these terms and conditions in this Part V and all documents into which this Part VI is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company, the Nomad or Singer in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, the Selling Shareholders, the Nomad, Singer and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part VI or incurred by Singer, the Selling Shareholders, the Nomad, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this document, and further agrees that the provisions of this Part VI shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and none of the Company, the Selling Shareholders, the Nomad or Singer shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify Singer accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company, the Selling Shareholders, the Nomad and Singer in the event that either the Company, the Selling Shareholders, the Nomad and/or Singer has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Part VI are given to Singer for itself and on behalf of the Company, the Nomad and the Selling Shareholders and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that neither Singer nor the Nomad owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement or Selling Shareholder Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Singer may (at its absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with Singer, any money held in an account with Singer on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from Singer's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this document are to London time, unless otherwise stated. All times and dates in this document may be subject to amendment. No statement in this document is intended to be a profit forecast, and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this document.

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