



# Annual Report 2024

12 Months To 31 December 2024

# Overview



- Adjusted Revenue and Adjusted Recurring Revenue excludes revenue reversals relating to the cyber security incident, which are expected to be fully covered by insurance.
- Adjusted EBITDA excludes, exceptional costs in relation to the cyber incident, acquisitions, restructuring, depreciation, amortisation, share of loss of associate, interest, tax and share based payments
- Adjusted Operating Profit excludes amortisation on business combinations, exceptional costs in relation to the cyber incident, acquisitions, restructuring costs and share based payments.
- Adjusted Profit / (loss) before taxation excludes amortisation on business combinations, exceptional costs in relation to the cyber incident, acquisitions, restructuring costs, share based payments and loss of share of associate.

## Financial Highlights

During the period, the Group incurred a number of one off, exceptional costs in relation to the cyber incident, totalling £4.4m. These exceptional costs include £1.5m reversal in revenue in relation to service level credits, £0.4m of professional services costs in relation to managing technical restoration of services, and £2.4m of provisions in respect of claims for consequential losses from the disruption to the customers' own businesses.

To assist readers with understanding the underlying business performance, some of the KPI's below are adjusted for these exceptional costs.

- The Group delivered an increase in adjusted revenue, which excludes revenue reversal relating to the cyber security incident, which are expected to be fully covered by insurance, of 13% to £81.0m for FY24 (FY23: £71.7m). Reported Group revenue for the period was £79.5m (FY23: £71.7m).
- Adjusted recurring revenue increased 21% to £54.7m (FY23: £45.0m), due to the acquisitions made in the year and the delivery key contract wins which contributed towards 11% organic recurring revenue growth. Reported recurring revenue was £53.1m (FY23: £45.0m).
- Annual recurring revenue (ARR) run rate +18.8% to £56.6m, of which 11.3% represented organic growth at 31 December 2024 from £47.7m on 31 December 2023.
- A total of £4.4m, relating to the cyber incident are expected to be covered in full by the Group's cyber security insurance:
  - Revenue service credits of £1.5m reflecting the period during which the Group's network and services were

unavailable to customers;

- Costs of £0.4m cost reflecting costs incurred by the Group in rectifying the cyber security incident;
- £2.4m of provisions in respect of claims for consequential losses from the disruption to the Company's customers' own businesses.
- Adjusted EBITDA increased 20% to £11.3m (FY23: £9.4m) with adjusted EBITDA margin increasing to 14.0% (FY23: 13.2%).
- Adjusted operating profit increased 13% to £6.3m (FY23: £5.5m). Reported operating loss for the period was £2.3m (FY23: £2.3m profit), following the exceptional costs incurred from the cyber incident and increases in amortisation charges as a result of business combinations.
- Continued strong underlying cash conversion exceeding 90% reflecting growth in subscription revenue and continued good working capital management.
- Robust balance sheet with £11.4m cash and cash equivalents (FY23: £16.8m), following consideration of £7.3m paid during the period in relation to the acquisitions of ESS and Vita Software .
- The Board are recommending the payment of a final dividend of 1.24 pence per ordinary share subject to shareholder approval, payable on 27 June 2025 to shareholders on the register at the close of business on 6 June 2025.

## Current Trading & Outlook

- The Group delivered a record performance in 2024, with cash levels and adjusted EBITDA exceeding market expectations.
- With a strong pipeline, growing international footprint, and improving market conditions the Company is confident in the Group's prospects for 2025.
- Our enhanced and expanded product set continues to gain traction, our end markets are improving, and our new Chief Revenue Officer is further refining our sales and marketing processes.

## Company Highlights



Over 375 new customers across the Group, including GSF, Woolies, STAF & FSSI



52 contract renewals including JCB, Bidfood, Sainsbury's and Cemex



UK Office Great Place to Work accreditation secured three years running



Continued low churn



Acquisition of Enterprise Software completed

# TABLE OF CONTENTS

|   |            |
|---|------------|
| <b>Overview</b>                                     | <b>2</b>   |
| Financial Highlights                                | 2          |
| Current Trading & Outlook                           | 3          |
| Company Highlights                                  | 3          |
| <b>Strategic Report</b>                             | <b>4</b>   |
| Who We Are  | 5          |
| Where Do We Operate                                 | 5          |
| The Challenges We Solve                             | 7          |
| How We Generate Revenue                             | 8          |
| How We Deliver Stakeholder Value                    | 9          |
| Our Products  | 10         |
| Research & Development                              | 11         |
| Product Roadmap                                     | 11         |
| Driving Operational Efficiency, Safety & Compliance | 13         |
| Our Customers                                       | 13         |
| Customer Success                                    | 14         |
| Chairmen's Statement                                | 16         |
| CEO's Statement                                     | 17         |
| CFO's Statement                                     | 20         |
| Market overview                                     | 24         |
| Principal risks & uncertainties                     | 25         |
| Section 172 statement                               | 31         |
| Our People & Operations                             | 35         |
| Our People  | 36         |
| Recruitment & Retention                             | 36         |
| Diversity & Inclusion                               | 37         |
| Employee Engagement                                 | 37         |
| Health & Wellbeing                                  | 38         |
| ESG   | 38         |
| SECR Report   | 42         |
| Governance  | 41         |
| <b>Managing &amp; Governing</b>                     | <b>68</b>  |
| Meet the board                                      | 69         |
| Our senior leadership team                          | 70         |
| Corporate governance statement                      | 71         |
| Remuneration report                                 | 74         |
| Audit committee report                              | 79         |
| Directors' report                                   | 82         |
| Statement of directors' responsibilities            | 86         |
| <b>Financial Statements</b>                         | <b>87</b>  |
| <b>Company Information</b>                          | <b>140</b> |

# Strategic Report



# Who We Are

Founded in 1982, Microlise is a leading global provider of innovative technology solutions to the transport and logistics industry.

Our technology is designed to help businesses bring connectivity to their products and operations, improve efficiency, reduce emissions, lower costs and increase safety on the road.

Trusted by over 400 enterprise clients worldwide, our solutions support businesses of all shapes and sizes, enabling them to seamlessly manage their logistics operations.

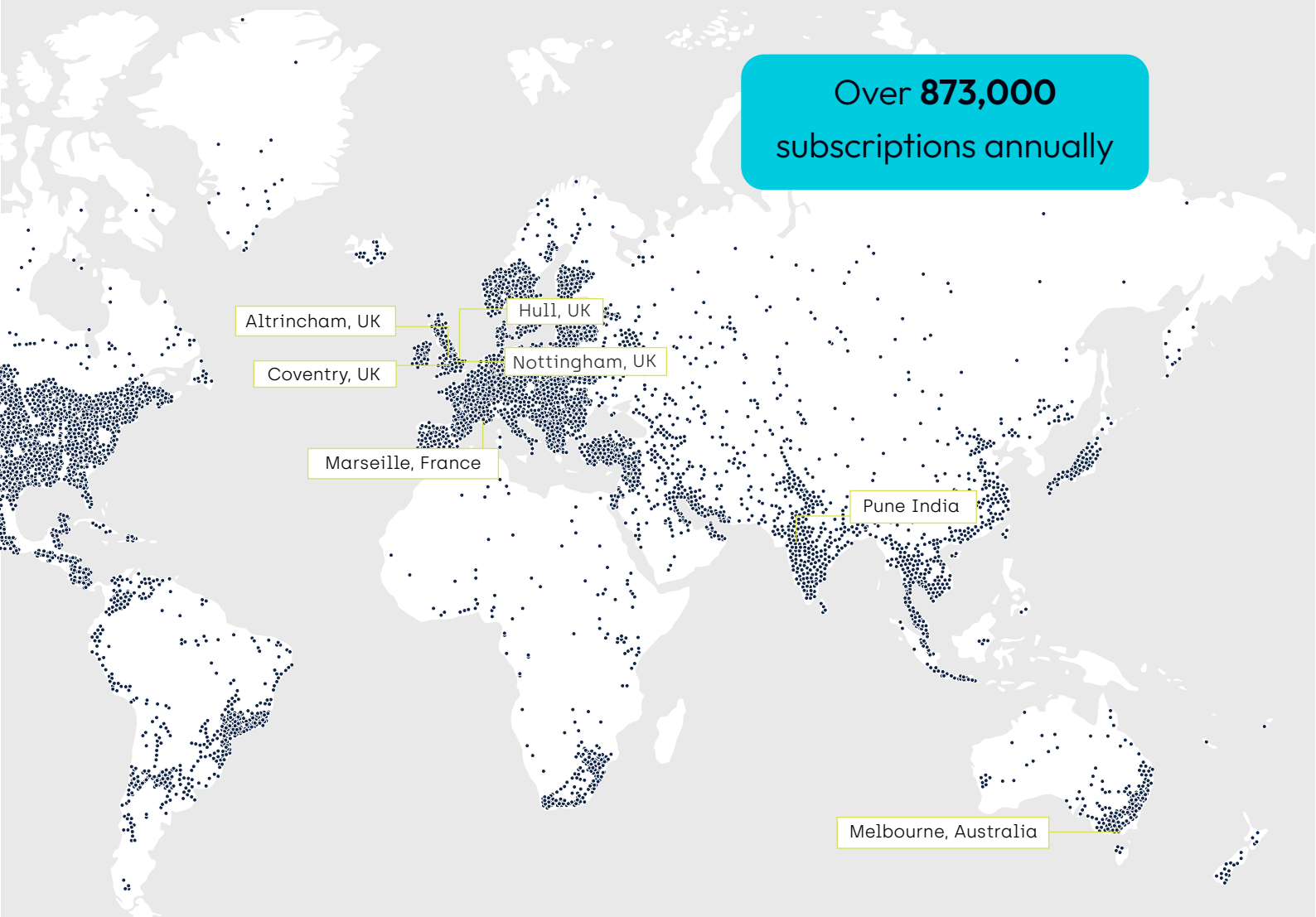
Our award-winning team is dedicated to providing outstanding customer support, earning us prestigious accolades – including two Queen’s Awards for Enterprise (2019) and Innovation (2020).

We offer flexible, per-user or per-asset licensing, which includes continuous support and future upgrades; ensuring our customers always stay ahead of the curve.

Beyond software and hardware, we provide a comprehensive “service-wrap” designed to maximise value – and our teams work closely with clients to drive business growth.

Headquartered in the United Kingdom with 3 additional UK offices, we also have offices in France, Australia and India, with a global team of over 800 dedicated professionals.

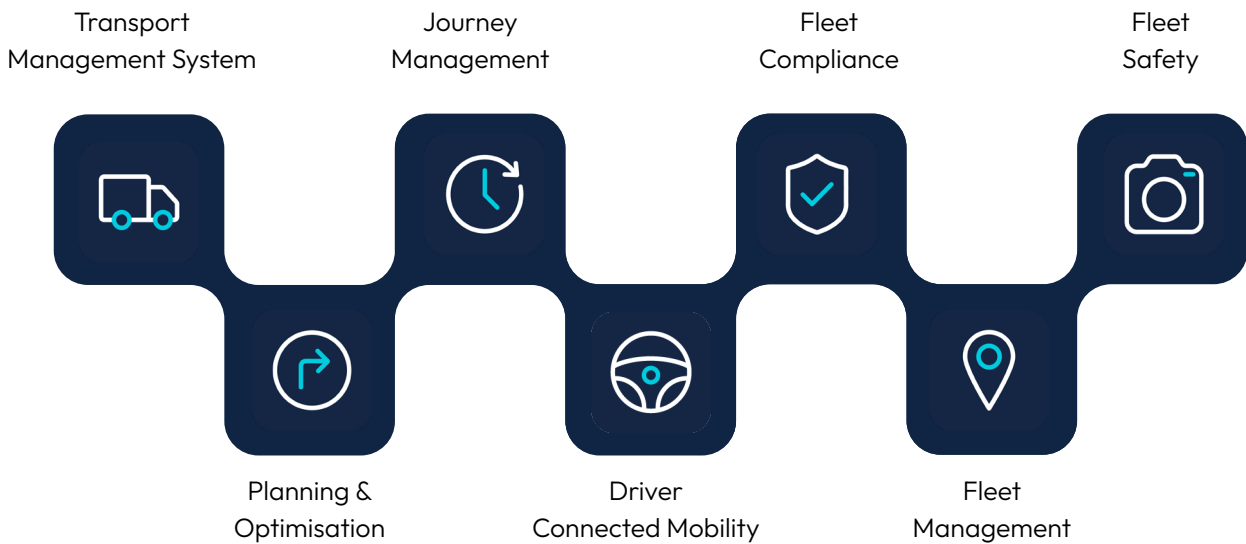
We proudly joined the Alternative Investment Market (AIM) in 2021, earning the London Stock Exchange’s Green Economy Mark – a testament to our commitment to sustainability.



# The Challenges We Solve

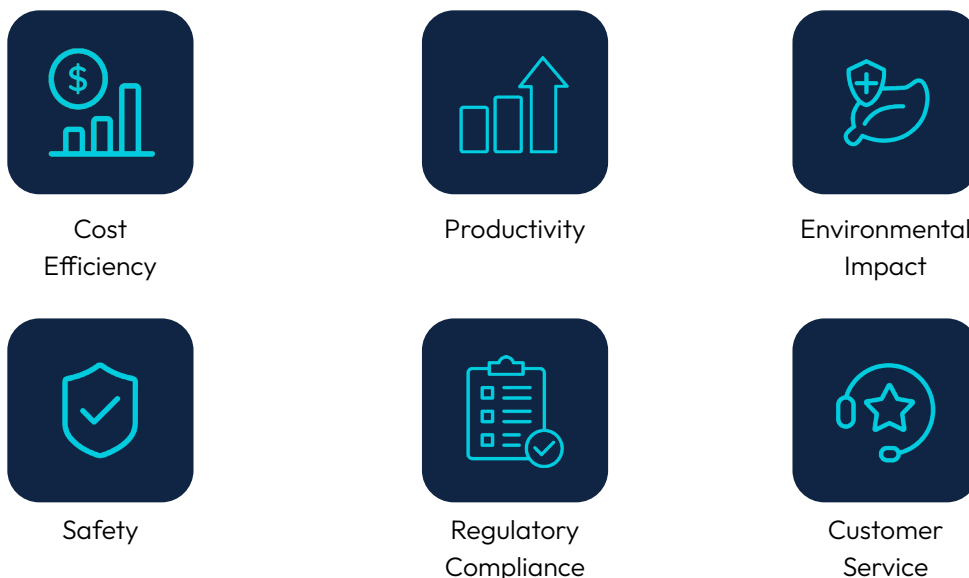
At Microlise, we help global teams simplify complex logistics operations. By acting as a central intelligence hub, our solutions seamlessly connect assets, people and processes, empowering businesses to make smart decisions to maximise return on investment.

## Our product suite includes:



Together, these technologies create a connected ecosystem where real-time data fuels smarter operations and better insights.

## By using our solutions, businesses can improve key performance areas, including:



Having instant access to crucial data means they can stay ahead of challenges, optimise operations and keep things running smoothly.

We also support manufacturers of smart remote assets with our Industrial Internet of Things (IIoT) solutions. By connecting these assets, manufacturers can enhance customer support, introduce innovative financing models and boost productivity.

We make logistics and operations easier, smarter and more efficient, so businesses can focus on what they do best.

## How We Generate Revenue



### Software

Our software is available on a per-user or per-asset basis, with each license covering the full SaaS service, expert support and access to future upgrades, making sure our customers are always equipped with the latest innovations.



### Hardware

We don't stop at software. We also provide cutting-edge hardware solutions, including GPS tracking units, telematics devices and vehicle camera systems. These seamlessly integrate with our software to give real-time visibility and total control over logistics operations.



### Customer Success

What really sets us apart is our commitment to helping our customers get the most out of their investment. Our dedicated Account Managers, along with our Customer Success Managers, Business Transformation team and Data Scientists, work closely with customers, offering tailored support and actionable insights to drive success.

With Microlise, businesses aren't just adopting new technology, they're gaining a trusted partner.



# How We Deliver Stakeholder Value



## Customers

We help customers work efficiently with our modular platform, reducing costs and addressing ESG concerns through lower fuel use, improved driver performance, fewer accidents and enhanced customer experience.

We support customers in all circumstances, helping them scale rapidly during demand surges and adapting through challenges such as lockdowns. Our Business Transformation team ensures they maximise the benefits of our solutions.



## Employees

Our culture shapes how we work, connect with customers and support our people. By fostering collaboration, ownership and autonomy, we drive better outcomes and strengthen our business.

Our Learning & Development Academy – along with our apprentice and graduate programs – attract diverse talent, including disadvantaged groups. Through partnerships like Speakers for Schools, we expand our reach and commitment to lifelong learning.

With over 35 training courses 500+ staff are trained annually, employees control their own development through our blended learning approach of face to face and online platforms. With an average tenure of five years, we are proud to hold ISO accreditations (ISO27001, ISO9001, ISO20000) and support the Armed Forces Covenant.



## Investors

Our solutions reflect our core values – people, community, and innovation.

Driving customer and investor success, we innovate to meet evolving needs and expand our market presence. By leveraging data, we deliver cutting-edge solutions in transport operations, IIoT asset lifecycle management and connected mobility.

Our team's skills and passion fuel our progress. Through learning, development and problem-solving, we create sustainable, profitable outcomes for our customers, investors and businesses.



## Communities

Supporting our communities is central to our values, with investments in local groups, charities and events.

The Microlise Transport Conference, the largest of its type across Europe, gathers 1,000+ delegates to address industry challenges. Alongside it, our Driver of the Year Awards recognise top HGV drivers through telematics data and industry nominations.

Our Road to Logistics (RTL) program, launched in collaboration with the RHA, brings diverse talent into the industry, supporting individuals facing barriers to employment.

Through our Community Engagement Group, we back initiatives from corporate sponsorships – like Transaid – to local orphanages, schools, sports clubs and foodbanks across the East Midlands.

# Our Products

## [Software Only & Hardware Enabled]



### TMS

Transportation Management System  
Building, costing and invoicing of orders

### Fleet Performance

Track assets in real-time and retrospectively  
Maximise utilisation & boost ROI



### Journey Management

Proactive customer experience  
Monitor resource performance vs the plan  
Understand planned vs actual

### Fleet Compliance

Manage compliance effectively  
Boost vehicle uptime  
Raise safety standards



### Driver Connected Mobility

Ruggedised hardware options for logistics environments  
Manage driver communications

### Planning & Optimisation

Do more with less resources  
Reduce planning time by many hours  
Produce highly accurate plans



### Fleet Safety

Protect your drivers  
Understand incident fault & liability  
Improve safety standards

### Vulnerable Road Users Network (Flare)

Live proximity notifications to vehicle operators  
Incident Avoidance  
Automatic Incident Detection



# Research & Development

At Microlise, we harness cutting-edge technologies, including advanced 'Big Data' analytics, Machine Learning (ML) and Artificial Intelligence (AI).

These sophisticated tools play an important role in enhancing our SaaS solutions, delivering operational efficiency, facilitating communication, enabling in-depth data analysis and supporting informed decision making.

Our approach remains market-oriented, ensuring that our solutions align with industry-wide needs rather than being narrowly tailored to specific client use cases.

**In 2024, we successfully executed several noteworthy pilot projects and research initiatives, including:**

Successful completion of the BSA Motorbike R&D project. This project provided the base architecture for our next generation of Smart Gateway devices, including integrations for ICE and BEV assets across classes.

The launch of Microlise Proximity Beacons, providing customers with the ability to track unpowered assets using our extensive mesh network of several hundred thousand mobile Smart Gateway devices.

Extending tools for Planning & Optimisation with a newly developed module. This module takes a sample of customer data and uses AI to simulate plans with over 1,000 different configuration combinations. It then presents insights back to customers, offering options and a recommendation for product launch in their operation. The recommendation considers both priorities and constraints.

# Product Roadmap

During 2024 – and with the acquisitions of K-Safe and Enterprise Software Solutions – we introduced a series of new and improved product and service value propositions. We also invested further in the refinement of our underlying technology platforms and fortified data security.

MicroliseOne lays out the ambition for Microlise in 2025 to be the most inclusive and integrated Transport Management platform on the market. Once live, it will give customers unparalleled value propositions through the integration of data from our products and capabilities, creating unique user journeys.

## Key elements build this foundation:

- Identity and Access Management incorporating Multi-Factor Authentication and Federation
- Data Synchronisation across products and services with clean shared master data
- API Management & Reporting to simplify the developer experience for Microlise and its partners alike

Building on this foundation, the Transport Management and Fleet Management portfolios can integrate insights and actions from various capabilities. By targeting the user experience and functionalities of products within the group, they can enhance operations decision making. This, in turn, supports cost optimisation, reduces risk and advances ESG targets and initiatives.

With this structure in place, the Microlise team are accelerating integration points between both products and services in its portfolios:



### Transport Management

The process of managing the physical movement of goods through a supply chain in the most cost and environmentally conscious way possible.



### Fleet Management

The process of managing a fleet of commercial vehicles and/or assets to control costs and maximise efficiency and availability.

**Within these portfolios, key roadmap outcomes for 2025 include:**

1. Emissions models for Scope 1, 2 & 3 transportation emissions capture, calculation and apportionment
2. AI Jeopardy and suggestive mitigations for live operational scenarios to deliver the best outcome when circumstances conspire to affect current and future operational activity
3. Further harnessing Machine Learning concepts to deliver increased real-world predictions of transport outcomes supplementing existing tertiary data sources using the wealth of actual data collected on the Microlise platforms
4. Continue to deliver best-in-class integrations with other industry OEM's and essential industry software providers
5. Launching new Driver app experiences that simplify the interaction between Driver and Back Office and extends the risk, safety, routing, and schedule review and coaching reach of the portfolio.
6. Extending Microlise Fleet & Asset Management services for operators and maintenance workshop activities.



# Driving Operational Efficiency, Safety & Compliance For Our Customers



Reduced Mileage  
Travelled



Improved Driver  
Performance



Reduced Fuel  
Use



Reduce  
Emissions



Reduce Vehicle  
Wear & Tear



Reduced  
Accidents



Reduce Insurance  
Premiums



Improve Fleet Efficiency  
& Utilisation



Elimination of  
Delivery Paperwork



Enhanced Customer  
Experience

## Our Customers



# Customer Success

Our Customer Success team is dedicated to fostering effortless collaboration with our clients. By consistently delivering a service that sets global standards, we ensure that our customers derive maximum value from our products, enhancing their success and satisfaction.

Over the past 12 months, the team has collaborated with customers to integrate our existing OKR (Objectives and Key Results) offerings. It has introduced two new OKRs to help them achieve their business objectives.

## These new OKRs focus on:



Compliance



Planning and Optimisation

Each new OKR emphasises the value of our systems, services, and products. As we continue to work closely with our customers to highlight the benefits and value of our offerings, we plan to expand our services further across new products and territories.

## As we move into 2025, our Customer Success topics of focus are:

1. Expanding our OKR offering and data sets to track value
2. Supporting pilots and new customers
3. Increasing focus on customer feedback
4. Customer Success packages
5. Customer health scores – risk, opportunity and engagement

# Customer Feedback



"I would like to feedback that the effort our Customer Success Manager, Neil, goes to help our business to save money this doesn't go unnoticed. He is a great role model of Microlise and always goes above and beyond.

**WAITROSE**  
& PARTNERS

Today's yearly session on Microlise AtoG at Aylesford was Brilliant, Neils preparation and knowledge made this discussion so easy it is a pleasure to work alongside him, he is an asset to Microlise and I thank you for this.



I'm writing to express my appreciation for the two days of work our Customer Success Manager, Mark, carried out on the Morrisons Microlise system for us.

**Morrisons**  
FOOD & DRINK

Mark was able to cleanse the data in our system within this time period and was extremely professional, demonstrating a deep understanding of the system.

"He provided us with helpful insights and suggestions that will allow us to manage the system more self-sufficiently.



I wanted to drop you a line to thank you for your support in our recent meetings.

**Sainsbury's**

The information you have provided us to demonstrate what is achievable has been excellent and made me feel confident we can deliver some great changes on productivity and driving standards.




Thank you for your time and for sending the info across. I found it a really useful and beneficial session and it was great to spend the time and go through different areas of the system.

**Argos**

Definitely picked up some good insights into what we could potentially do differently e.g. Group Hierarchies.

"I will work though the points that we discussed to give the system a "spring clean" and update you with progress on the call on the 18th Feb.





## Jon Lee

Non-Executive Chairman

The Company has delivered another year of strong performance, achieving solid revenue and profit growth driven by organic expansion and the ongoing integration of recent acquisitions.

During the 12 months ended 31 December 2024, the Group delivered a robust financial performance, reflecting the strength of our offering and the continued demand for our solutions. We saw strong momentum across all core markets, with the Group's international businesses in Australia, New Zealand and France performing particularly strongly by all securing material new direct customer wins.

Adjusted revenue increased by 12.9% to £81m (FY23: £71.7m). Adjusted recurring revenue grew by 21.4% to £54.7m (FY23: £45.0), with organic growth accounting for 11.1%. Annual Recurring Revenue (ARR) grew by 18.8% to £56.6m (FY23: £47.7m), including 11.3% organic growth. Adjusted EBITDA grew 20% during the period, ahead of market expectations.

A key challenge during the period was the cyber security incident the Company faced in October 2024. Thanks to the Microlise team's quick response and our prior investment in comprehensive security measures, we were able to restore services within 2.5 weeks, and most importantly, ensure that no customer systems data was compromised. Thanks to the response of the team, the Group has been able to bounce back strongly, having not lost any existing customers and continuing to add new customers following the incident. Going forward, we will continue to invest in our security to prevent such incidents, ensuring the highest forms of protection for our customers and colleagues.

The completion of the acquisition of Enterprise Software Systems (ESS) in January 2024 and the continued integration of K-Safe and Vita throughout 2024 have strengthened our market-leading position, particularly in transport management systems ("TMS"). We have already made steady progress with our TMS acquisitions, delivering sales of these products to both new and existing customers. During the period, we have continued to integrate these acquisitions into our broader product offering to create MicroliseOne; a single interface and technology stack for all the Group's solutions. This will accelerate cross-sell and upsell opportunities of our end-to-end product suite and reduce costs.

Market conditions significantly improved in the latter stages of 2024, with supply chain disruptions and vehicle production delays now expected to be fully behind us, with the Group adding a total of 375 new customers. Looking to the year ahead, our primary focus will remain on driving operational efficiency and enhancing profitability within the business. We have multiple initiatives in progress to improve EBITDA margins and the efficiency of our business by streamlining internal processes, enabling us to scale more effectively. At the same time, we will continue to review strategic growth opportunities through both organic expansion and potential acquisitions that may complement our existing portfolio.

Finally, I would like to thank our customers for their continued trust and our employees for their dedication, particularly in overcoming the challenge of the cyber incident. Their efforts have ensured that Microlise remains a resilient, innovative, and forward-looking business.

Jon Lee, Non-Executive Chairman



## Nadeem Raza

Chief Executive Officer

Microlise delivered a record performance in 2024, with cash levels and adjusted EBITDA exceeding market expectations. This performance reflects the effectiveness of our growth strategy and the continued strength of our offerings.

During the period we made significant progress on a number of strategic growth objectives, including adding 375 new direct clients; expanding our presence in targeted international geographies; completing, and making substantial progress in integrating, the acquisition of Enterprise Software Systems (ESS); and successfully cross-selling products from our enhanced and extended product portfolio.

With a strong pipeline, growing international footprint, and improving market conditions we are confident in the Company's prospects for 2025.

### Market

2024 was a year of robust growth for our markets with the global supply chain issues and chip shortages, which negatively affected our financial performance in previous years, mostly behind us.

In Australia, initial delays caused by new vehicle availability led to a temporary vehicle and component supply shortage. However, we are pleased to report that in the second half of the year vehicle supply conditions normalised and, as a result, we are now experiencing accelerated growth in the region as our new customers roll out our products across their fleet.

In addition, Microlise experienced a slowdown in business with OEM customers, both in the automotive and construction industries, during the latter half of the year. This was due to these markets processing an excess of orders fulfilled following resolution of the supply chain problems of prior years, alongside the removal of certain tax incentives.

We are encouraged to see that activity amongst our OEM customers are trending towards normal levels during 2025.

### Customers

During the period Microlise secured 375 new clients, while customer churn remained extremely low at 0.7%. The excellent client retention highlights the critical importance of Microlise's offerings to its client base and our strong customer relationships.

The Company continued to secure new customers in the UK throughout 2024, further building upon its market-leading position. Expansion into the international target markets of France, Australia and New Zealand were especially strong, where Microlise is increasingly becoming recognised as a major industry player.

Microlise also secured 52 client renewals during the period, with many of these taking up an enhanced offering as part of the renewal. Notable examples include a five-year extension with JCB, building further upon a relationship already in its 14th year. Post-period end the Company has continued to build upon the performance of 2024 with our customer pipeline showing strong growth.

### Product Offering

At the beginning of 2024, Microlise announced the completion of its acquisition of Enterprise Software

Systems (ESS), a leading provider of Transport Management System (TMS) solutions. This acquisition enhanced the Group's existing TMS solution which helps customers manage transport operations from order receipt to invoice creation.

The acquisition immediately contributed to both revenue and earnings and the Group's TMS solution is being fully integrated into Microlise's growing products suite, enhancing its end-to-end service offering, which now covers the entire delivery journey, from order receipt to the consumer's doorstep. Several cross-sales have been made of the TMS product since acquisition, and we are confident that it will gain further traction in the year ahead.

Additionally, Microlise fully integrated the software from its K-Safe acquisition. This added the Driver Hazard Warning (DHW) safety solution to the Company's product suite, ensuring two-wheeled vehicles such as cyclists, motorcyclists, and e-scooters are visible to drivers even when in their blind spot.

At our renowned Microlise Transport Conference on 18 March, attended by over 1,200 delegates, we officially announced MicroliseOne, our new single integrated interface for the full suite of our enhanced product offering. MicroliseOne will reduce costs and create a seamless integration of our end-to-end offering, making it easier for clients to use and add more of our products across their operations. We look forward to this complete end-to-end service being adopted by more of our customers.

Other product developments made by Microlise in the year include improvements to hardware with the release of several new models. In addition, support has been introduced for several new third party camera solutions.

### **Cyber Security Incident**

On 31 October 2024, Microlise announced it had experienced a cyber security incident involving unauthorised activity detected on its network. The Microlise team reacted immediately, taking a number of actions to contain the situation such that the Company's network and services were fully restored within 2.5 weeks.

The Group expects the exceptional costs associated with the incident to be fully covered by its cyber security insurance.

As a result of Microlise having prioritised investment into enhancing the security of its systems, the Company was able to ensure that no customer systems data was compromised during the incident. Since the event, Microlise has accelerated its investment plan on cyber security measures ensuring that its data, and that of its

customers, remains safe and secure.

The incident has had a limited effect on the Company's ability to retain and secure business. Importantly, the Group has not lost any clients as a result of the attack, and its pipeline is robust and continues to grow, with 375 new customers signed since the restoration of the network.

We would like to thank all of our customers for their understanding during the incident and are grateful for their continued support throughout 2025.

### **Strategic Focus**

We are currently focused on the following core strategic objectives:

#### **Bringing our three recent acquisitions into the Microlise architecture**

Technical integration is progressing well which will enable us to more effectively upsell and cross-sell products and attract new customers. This programme of work is externally named MicroliseOne, launched at the Group's transportation conference in March 2025, as we look to reduce costs and continue to build on our differentiator of being an end-to-end integrated solution for transport operators.

#### **Combining all of our products into a single, seamlessly integrated product suite**

Our R&D team is currently developing our systems architecture across all our products to ensure each is fully integrated. This will allow for common functionality across the suite of programmes. This will make our product suite still more attractive to potential customers while also facilitating the sale of more products to existing customers.

#### **Improving margins through greater efficiencies**

We have multiple initiatives underway to improve the efficiency of our business by further streamlining internal processes, allowing us to reduce costs, improve margins and scale the business more effectively.

#### **Greater product integration with partners**

We are strategically increasing our support for 3rd party hardware products, extending the portfolio of solutions we can offer to our customers. This expansion will reduce the costs of installing the Microlise platform, encouraging customers to utilise a greater number of our solutions to manage their business operations with our SaaS platform.

#### **Continued investment into security measures for our blue-chip customer base**

In an increasingly challenging cyber threat landscape, a number of our clients have experienced attacks in recent years, including ourselves in 2024. Thanks

to prior investment and swift action, our services were fully restored quickly, with no customer data compromised.

With the broader industry context, this has reinforced the importance of continued investment in our cyber defences. We have accelerated our security programme, including enhancements to our enterprise firewalls and increased use of our Exposure Management Platform, which includes real-time monitoring for software vulnerabilities.

While this area represents our largest capital investment, it is essential to ensure the resilience of our business-critical systems. Our customers, particularly in the logistics sector, depend on our solutions to maintain seamless operations and we remain committed to delivering the assurance and security they require.

### **International Expansion**

During the period, we have remained focussed on international expansion, and we have made material progress across a number of key geographies, particularly in Australia and New Zealand where we signed new contracts with leading grocery retailers. This demonstrates the market leading nature of our products in the region and we have therefore committed increased investment to our sales function to ensure accelerate growth in the region.

### **M&A**

Accretive M&A remains a core part of our strategy and we continue to see a robust pipeline of opportunities. We continue to assess acquisition opportunities, with a current focus on international business. We will act appropriately should acquisition opportunities align with our immediate and long-term strategic focus. Microlise Transport Conference.

The 2025 Microlise Transport Conference took place on 18th March at the Coventry Building Society Arena. 1200 delegates attended the event making it the biggest and most successful conference in our history. Each year we have an impressive range of keynote speakers to address crucial topics to the audience. In addition, there were four further stages at the show featuring talks from SMEs from across the logistics industry, and OEMs, such as DAF, Mercedes-Benz, Volvo and Renault Trucks showcasing their latest electric vehicle offerings to delegates.

### **People**

In September 2024, we appointed Mike Blackburn as Chief Revenue Officer. Mike has a proven track record in fostering innovation, scaling sales, and orchestrating business transformation. He has been instrumental in two major private equity exits, as well as securing new customers and driving growth through cross-sell and

upsell strategies across multiple markets. With extensive experience in SaaS, technology, and professional services, Mike is responsible for leading the sales and marketing teams at Microlise in driving revenue generation and accelerating growth.

Since his appointment, Mike has already implemented several new initiatives. These include changes to the structure of the sales and marketing teams to drive efficiency and targeted investment in systems and capacity to ensure Microlise is optimally equipped to capture the growing opportunities within its markets.

### **ESG**

Microlise's solutions provide material benefits to customers in terms of reducing emissions, improving safety for drivers, and lengthening the life of assets, through ensuring they are driven and maintained effectively - lengthening the useful life of assets. As well as reducing costs to our customers, these benefits improve the environment for everybody, both in terms of lowering pollutants in the atmosphere and improving the safety of our roads.

Microlise is committed to meeting its net zero goals and continues to improve its ESG credentials. To ensure ESG remains a priority to the Company, the incentive plan for Microlise's executive team relates in part to the company meeting its sustainability objectives.

During the first half of the year, we also completed the installation of 502 solar panels and doubled the number of EV charge points at our Nottingham HQ, with the objective of reducing the site's annual carbon footprint by over 80 tonnes of CO<sub>2</sub>. We have also ordered a new fleet of hybrid vans for our engineering teams, to replace an existing aged mixed fleet of diesel vehicles.

In terms of the social element of ESG, we achieved 'Great Place to Work' accreditation for the 3rd year in a row, with the categories "Best Large Workplaces" and "Best Workplaces in Tech" also being achieved within this.

### **Outlook**

Looking ahead, we remain confident in our ability to deliver continued growth. We currently have a strong customer pipeline which is experiencing accelerated growth post the cyber-securing incident. Our enhanced and expanded product set continues to gain traction, our end markets are improving, and our new Chief Revenue Officer is further refining our sales and marketing processes. We are therefore well positioned to build upon our strong 2024 performance and deliver further growth in the year ahead.

**Nadeem Raza, Chief Executive Officer**

## Nick Wightman

Chief Financial Officer

The financial results for the twelve-month period to 31 December 2024 reflect another period of profitable growth for Microlise.

### Key Performance Indicators

The following key performance indicators for the 12-month period to 31 December 2024

|           |   | FY24    | FY23   | Change |
|-----------|---|---------|--------|--------|
| Financial | Revenue                                   | £79.5m  | £71.7m | 11%    |
|           | Adjusted Revenue <sup>(1)</sup>           | £81.0m  | £71.7m | 13%    |
|           | Recurring Revenue                         | £53.1m  | £45.0m | 18%    |
|           | Adjusted Recurring Revenue <sup>(1)</sup> | £54.7m  | £45.0m | 21%    |
|           | Adjusted EBITDA <sup>(2)</sup>            | £11.3m  | £9.4m  | 20%    |
|           | Adjusted Operating Profit <sup>(3)</sup>  | £6.3m   | £5.5m  | 13%    |
|           | Operating (Loss)/Profit                   | £(2.3)m | £2.3m  | (202)% |
|           | (Loss)/Profit before tax                  | £(2.3)m | £2.5m  | (193)% |
|           | Adjusted Profit before tax <sup>(4)</sup> | £6.5m   | £5.6m  | 16%    |
|           | Basic EPS (p)                             | (1.77)p | 1.36p  | (230)% |
|           | Adjusted EPS (p)                          | 4.19p   | 3.45p  | 21%    |
|           | Cash and cash equivalents                 | £11.4m  | £16.8m | (32)%  |

## Exceptional costs

During the period, the Group incurred a number of one off, exceptional costs in relation to the cyber incident, totalling £4.4m. These exceptional costs include £1.5m reversal in revenue in relation to service level credits, £0.4m of professional services costs in relation to managing technical restoration of services, and £2.4m of provisions in respect of claims for consequential losses from the disruption to the customers' own businesses. The group considers that its related insurance policies will cover these liabilities and that it is likely to be reimbursed a materially similar amount in due course once the insurance claims are evaluated and processed with insurance receipts due to be recognised in FY25 as exceptional other income. During the period, the Group also incurred a number of one-off charges relating to acquisition fees and subsequent restructuring. The total of these charges in the period ended 31 December 2024 was £0.4m (FY23: £0.4m).

To assist users of the financial statements with understanding underlying business trading, the Group will present KPI's excluding exceptional items, including exceptional cyber costs and revenue reversals. All exceptional costs are disclosed separately in note 2 of the financial statements.

1. Adjusted Revenue and Adjusted Recurring Revenue excludes revenue reversals relating to the cyber security incident, which are expected to be fully covered by insurance.
2. Adjusted EBITDA excludes, exceptional costs in relation to acquisitions, restructuring and cyber related costs, depreciation, amortisation, share of loss of associate, interest, tax and share based payments
3. Adjusted Operating Profit excludes amortisation on business combinations, exceptional costs in relation to the cyber incident, acquisitions, restructuring costs and share based payments.
4. Adjusted Profit / (loss) before taxation excludes amortisation on business combinations, exceptional costs in relation to the cyber incident, acquisitions, restructuring costs, share based payments and loss of share of associate.

## Group Results

### Revenue

| KPIs for the twelve months ended 31 December 2024    | FY24   | FY23   | Change | Organic |
|--|--------|--------|--------|---------|
| <b>Group Revenue</b>                                 | £79.5m | £71.7m | 10.8%  | 3.8%    |
| Recurring revenue                                    | £53.1m | £45.0m | 18.0%  | 7.7%    |
| <b>Adjusted Group revenue <sup>(1)</sup></b>         | £81.0m | £71.7m | 12.9%  | 6.0%    |
| Adjusted recurring revenue                           | £54.7m | £45.0m | 21.4%  | 11.1%   |
| Non-recurring revenue                                | £26.3m | £26.7m | (1.4%) | (2.6%)  |
| Installation   | £3.2m  | £3.1m  | 3.0%   | 3.0%    |
| Hardware   | £19.4m | £20.6m | (6.1%) | (6.4%)  |
| Professional services                                | £3.8m  | £3.0m  | 27.1%  | 17.6%   |
| <b>Annual recurring revenue (ARR) <sup>(2)</sup></b> | £56.6m | £47.7m | 18.8%  | 11.3%   |

Adjusted Group revenue for the 12 months ended 31 December 2024 (FY24) was £81m, an increase of 12.9% from 31 December 2023 (FY23), driven by strong growth in adjusted recurring revenues which have grown 21.4% to £54.7m (FY23: £45m). Delivery increases towards the end of the prior year against its strong direct customer orderbook with key contract wins such as BCA, McCulla and LF&E contributing towards the 11% organic recurring revenue growth. Recurring revenues contributed 66.9% to overall revenue (FY23: 62.8%). Reported Group revenue and recurring revenues for the period were £79.5m (FY23: £71.7m) and £53.1m (FY23: £45.0m) respectively.

ARR increased 18.8% (11% organic) to £56.6m (FY23: £47.7m) with further contributions from key contract wins in the period such as Woolworths, GSF, Foodstuffs North Island and STAF have continued to positively impact as deliveries continued in H2. Looking forward, the Group expects ARR to continue to grow as customers won over the past year continue to roll out Microlise's products across their fleets, alongside further customer wins.

Non-recurring revenues decreased by 1.4% to £26.3m (FY23: £26.7m). An anticipated slowdown in both the construction and automotives industries has impacted hardware shipments to our OEM<sup>(3)</sup> customers which has driven a

decrease of 6.1% to £19.4m (FY23: £20.6m). This decrease was partially offset by an increase in hardware revenues in both Australia and France as new contracts are rolled out and vehicles availability issues in Australia have eased. Professional services and installation revenues have increased by 27% to £3.8m (FY23: £3m) and 3% to 3.2m (FY23: £3.1m) respectively, driven by implementation and integration support for both projects with direct and OEM customers.

## Gross Profit

Adjusted gross profit<sup>(4)</sup> for the 12 months ended 31 December 2024 increased by 23% to £53.5m (FY23: £43.6m). Adjusted gross margin % increased from 61% to 66% reflecting margin improvements in both recurring and non-recurring revenue coupled with an increasing mix of the Group towards higher margin recurring revenues. Non-recurring margins have increased due to an increasing mix towards higher margin direct customer sales. Recurring margin saw a c.1.0% increase in gross margin as a result of increased subscription revenues coupled with effective cost management and efficiency programmes, this was impacted by less favourable gross margins from ESS which will improve over time as the service is integrated into Microlise's technology platform. Reported gross profit for the 12 months ended 31 December 2024 is £52.0m (FY23: £43.6m).

## Administrative Expenses & Operating Profit

Adjusted administrative expenses<sup>(5)</sup> before exceptional administrative charges and share based payment charges, in the 12-month period ended 31 December 2024 increased 23% to £50.7m (FY23: £41.2m). On an organic basis, this increase is 16.1%

Staff costs in the 12 months ended 31 December 2024 increased 21% to £36.2m (FY23: £30m) reflecting our investment into our international teams, the impact of the ESS acquisitions, as well as annual pay awards and increased commissions/bonuses reflecting the increased new customer win rate and the Group's strong Adjusted EBITDA performance. Average headcount in the Period was 805 (FY23: 715) overall, 39 of this headcount increase relates to the acquisition of ESS with a further 11 employees joining our graduate training programme. The increase in operations includes additional engineering resource to support the strategy of bringing more installation work inhouse which supports our margin enhancement strategy. A further 9 staff were added in sales & marketing including increases in staff numbers in Australia and France to drive growth in these regions.

Marketing costs increased during the period by £0.1m to £1.3m as the Group has continued to focus on growth with targeted marketing spend in key strategic geographies. This includes an increased number of exhibitions globally, the implementation of global prospecting tools and the product launch of Microlise TMS (Vita software).

Legal, professional and IT costs increased during the period by a net £1.3m. The Group has continued to invest

significantly in its security posture increasing spend by c.0.4m on the prior year. Investment in its internal business systems has also continued to increase as it continues to leverage efficiency improvements to support growth and scalability. The Group has also absorbed 3<sup>rd</sup> party licensing cost increase.

Depreciation and amortisation charges in the period increased 29% to £7.9m (FY23: 6.1m). Depreciation charges increased as a result of increased levels of fixed asset investment in the Group's data centres and improvements to its headquarters. Amortisation charges increased as a result of business combinations following the recent acquisitions, and a continuation of levels of investment in internally developed technologies.

Capitalised development costs in the period were £2.7m (FY23: £2.5m), reflecting the ongoing levels of investment into the product portfolio including integration of recent acquisitions, architecture and security whilst amortisation of capitalised development costs in the period ended 31 December 2024 was £1.7m (FY23: £1.2m).

Operating profit for the 12 months ended 31 December 2024 after adjusting for exceptional costs, share based payments, amortisation charges as a result of business combinations increased by 13.2% to £6.3m (FY23: £5.5m). Reported operating loss for the 12 months ended 31 December 2024 was £2.3m (FY23: £2.3m profit), the principal factors driving this are cyber related exceptional costs and increases in amortisation charges as a result of business combinations due to the acquisition of ESS.

## Adjusted EBITDA & Profit Before Tax

The growth in revenue and gross margin has enabled the Group to deliver an adjusted EBITDA<sup>(6)</sup> ahead of market expectations at £11.3m in the 12 months ended 31 December 2024, an increase of 20% (FY23: £9.4m). Adjusted EBITDA margin has increased to 14% (FY23: 13%). To provide a better guide to the underlying business performance, adjusted EBITDA excludes the impact of the cyber incident (£4.4m) and exceptional costs in relation to acquisitions, restructuring costs, depreciation, amortisation, share of loss of associate, interest, tax and share based payments.

Adjusted profit before taxation for the 12 months ended 31 December 2024 increased 16% to £6.5m (FY23: £5.6m). The adjusted profit before taxation excludes exceptional costs in relation to acquisitions, restructuring and cyber costs, amortisation charges of £2.8m as a result of business combinations (FY23: £2.2m), share of loss of associate and share based payments. Reported loss before taxation in the period was £2.3m (FY23: £2.5m profit).

## Taxation

The tax credit in the 12 months ended 31 December 2024 was £0.3m (FY23: £0.9m charge). The effective tax rate for the year is higher than the standard rate of corporation tax and this is driven by the share of associate loss

not deductible and non-deductible expenses for share based payments as the intrinsic value of the options has been assessed as £nil. Underlying deferred tax credits relate to the amortisation of intangible assets and utilisation of accelerated allowances offset by the utilisation of tax losses brought forward.

From 1 July 2020, Microlise has been classified as a large company for tax research and development purposes and benefits from the Research and Development Expenditure Credit scheme (RDEC) with any benefit being reflected as grant income within other operating income. In the period ended 31 December 2024 the pre tax value of the credit was £0.4m (FY23: £0.6m).

### Profit After Tax, EPS and Dividend

Adjusted profit after tax increased 21.4% to £4.9m (FY23: £4.0m). As a result, adjusted earnings per share<sup>(7)</sup> for the 12 months period ended 31 December 2024 increased 21.4% to 4.19p (FY23: 3.45p). Reported basic loss per share for the 12 month period ended 31 December 2024 was 1.77p (FY23: 1.36p earnings) and diluted loss per share was 1.77p for the 12 months period ended 31 December 2024 (FY23: 1.36p earnings). For further information on earnings per share, please refer to note 8 of the financial statements. Reported loss after tax for the 12 months period ended 31 December 2024 was £2.1m (FY23: £1.6m profit).

During the period, the Group announced the introduction of its dividend policy and paid a full year dividend of 1.72 pence per share and an interim dividend of 0.57 pence per share. The Board are recommending the payment of a final dividend of 1.24 pence per ordinary share. Subject to shareholder approval at the Annual General Meeting to be held on 28 May 2025, the dividend will be paid on 27 June 2025 to shareholders on the register at the close of business on 12 June 2025.

### Group Statement of Financial Position

The Group had net assets of £71.9m at 31 December 2024 (FY23: £75.7m). Intangible assets increased by £7.7m reflecting the £9.6m of acquired intangible assets and goodwill resulting from the acquisition of ESS, capitalised development costs less amortisation charges. Current assets decreased by £4.1m, primarily due to a decrease in cash offset by an increase in debtors driven by higher revenues in the year. Total liabilities increased by £7.2m due to an increase in deferred income and trade payables and the provisions relating to 3<sup>rd</sup> party claims resulting from the cyber incident. The Group typically invoices for software subscriptions monthly, quarterly, annually or for the life of the subscription in advance which drives a strong balance sheet with significant cash balances. Revenue is recognised in the month the service is provided with deferred income disclosed as contract liabilities in current and non current liabilities. As at the end of December 2024 total Trade and other payables was £52.4m (FY23: £48.3m) of this balance £38.8m (FY23: £34.5m) is deferred income and relates to future contracted revenue recognition.

### Adjusted Cashflow<sup>(8)</sup> & Net Cash

Adjusted cash flows generated from operations<sup>(8)</sup> remains healthy at £10.3m in the period (FY23: £9.3m), this represents a cash conversion rate<sup>(9)</sup> of 91% (FY23: 98%). Reported cash flows generated from operations in the period was £9.7m (FY23: £8.8m)

The Group ended the 12-month period to 31 December 2024 with cash and cash equivalents of £11.4m (FY23: £16.8m). Overall, the net cash outflow was £5.7m with the main movements being; £7.1m for the acquisition of ESS; repayments of tax £1.2m, (FY23: nil), FY23 dividend and FY24 interim dividend totalling £2.7m (FY23: nil), purchases of plant, property and equipment of £1.4m (FY23 £2.2m), investment into product and development of £2.8m (FY23: £2.5m), payments in respect of lease liabilities £1.2m (FY23: £1.1m).

### Banking Facility

In April 2024, the Group renewed its facility with HSBC with an agreed £10.0m committed revolving cash flow facility and a £20m accordion. The Group has not utilised any of this facility to date and therefore remains comfortably within its banking covenants. The Group's cash of £11.4m (FY23: £16.8m) and the undrawn £10.0m facility gives the Group £21.4m of cash availability, which the Directors believe provides ample headroom for Microlise to deliver against its strategic goals. Given the level of headroom in the business forecasts the Board consider it appropriate to prepare the financial statements on the going concern basis. Details of the Board's going concern assessment is provided in the basis of preparation note in the financial statements on page 108.

### Additional Notes

- 1** Adjusted Revenue adds back the impact of credit notes related to the cyber incident.
- 2** Annual Recurring Revenue (ARR) is calculated by multiplying the December 2024 monthly recurring revenue by 12
- 3** OEM is an abbreviation for Original Equipment Manufacturers
- 4** Adjusted gross margin adds back the impact of credit notes related to the cyber incident
- 5** Adjusted Administrative Expenses & Operating Profit adds back the impact of credit notes and exceptional costs related to the cyber incident, exceptional costs in relation to acquisitions and restructuring costs.
- 6** Adjusted EBITDA excludes, exceptional costs in relation to acquisitions and restructuring costs, costs in relation to the cyber incident, depreciation, amortisation, share of loss of associate, interest, tax and share based payments.
- 7** Adjusted EPS excludes exceptional costs in relation to acquisitions and restructuring costs, costs in relation to the cyber incident, share based payments and amortisation of intangible assets resulting from business combinations.
- 8** Adjusted cash flow generated from operations adds back exceptional costs in relation to acquisitions and restructuring costs.
- 9** Cash conversion is calculated by dividing adjusted cash flow generated from operations by adjusted EBITDA.

**Nick Wightman, Chief Financial Officer**

# Market Overview

Microlise has continued to perform strongly across its chosen markets, both in the UK and internationally, despite the broader industry challenges. The Group has demonstrated resilience and adaptability, securing new business through both longstanding and new customers while extending contracts with several key partners. Strategic focus on upselling and cross-selling has further strengthened customer relationships, leading to deeper market penetration and an exceptionally low churn rate of less than 1%.

The demand environment remains robust, with healthy levels of interest from both existing and prospective customers. This positions Microlise well for sustained growth and underpins a positive long-term outlook.

In 2024, Microlise successfully completed the acquisition of Enterprise Software Systems (ESS). This strategic move enhances the Group's Transport Management System (TMS) capabilities, bringing a market-leading solution tailored to medium and large fleet operators into our broader transport technology offering. This complements the 2023 acquisition of Vita Software, a leading provider of TMS solutions to smaller and pallet/parcel network customers

Looking ahead, Microlise continues to actively evaluate further M&A opportunities, particularly targeting international businesses with complementary technologies or a strong customer presence in our key geographic markets.



# Principal Risks & Uncertainties

The Group faces various risks and uncertainties that have the potential to impact the Group financially, operationally, strategically and reputationally.

While it is not possible to identify or anticipate every risk, the principal risks and uncertainties faced by the Group and the steps they take to mitigate these risks are outlined below. The Board has overall responsibility for risk management and internal controls, with full support from the Audit Committee.



## Data & Cyber Security

|                                |   |
|--------------------------------|---|
| <p><b>Potential Impact</b></p> | <p>The Group relies on information technology systems to conduct its business and is therefore exposed to the risk of cyber-attacks. In October 2024, Microlise experienced a cyber security incident involving unauthorised activity on its network. While there was no compromise of customer data, the incident resulted in a temporary disruption of services, requiring significant remediation efforts. Cyber-attacks, whether driven by global instability, malicious intent, or human error, may involve unauthorised access, data corruption, or operational disruption. Such incidents can lead to financial loss, regulatory fines, reputational damage, and loss of investor confidence. Given the increasing sophistication of cyber threats, ensuring robust cyber resilience remains a key priority for the Group.</p>   |
| <p><b>Mitigation</b></p>       | <p>Following the October 2024 cyber incident, Microlise conducted a comprehensive review of its security infrastructure and implemented enhanced mitigation strategies.</p> <p><b>Key actions taken include:</b></p> <p><b>Strengthened Security Architecture:</b> Deployment of advanced threat detection, real-time monitoring tools, and enhanced multi-factor authentication (MFA) across all systems.</p> <p><b>Incident Response Enhancements:</b> Refinement of the Group’s cyber incident response plan, incorporating lessons learned to improve detection, containment, and recovery times.</p> <p><b>Employee Cyber Awareness Training:</b> Increased frequency of cybersecurity training for all employees, focusing on phishing awareness, social engineering tactics, and threat response protocols.</p> <p><b>External Security Audits &amp; Certifications:</b> Engagement with independent cyber security specialists to conduct penetration testing and system audits, ensuring compliance with industry best practices and regulatory requirements.</p> <p><b>Business Continuity &amp; Resilience Measures:</b> Strengthened backup and disaster recovery protocols, including redundant data storage and rapid restoration capabilities to minimise potential future disruptions.</p> <p>Microlise remains committed to continuous investment in cybersecurity to safeguard its products, services data, and operations against evolving threats. By proactively strengthening its security infrastructure, enhancing risk management, and embedding a culture of cyber resilience, the Group is better positioned to mitigate future threats and protect stakeholder interests.</p> |



## Platform Robustness

### Potential Impact

The Group is largely dependent on its technical capabilities, and relies, to a large degree, on the efficient and uninterrupted operation of its software and data systems. Any malfunctioning of the Group's technology and systems could result in a lack of confidence in the Group's products and result in an adverse effect on the Group's business and financial results.

The Group has service level agreements with some of its customers in which it provides various guarantees regarding levels of service. The Group may not be able to meet these levels of service due to a variety of factors, within and outside of the Group's control. If the Group fails to provide the levels of service required, customers may be entitled to terminate their contracts or may choose not to enter into new work orders with the Group which may damage the Group's reputation and customer confidence and reduce its capacity to retain existing customers and attract new ones.

### Mitigation

The Group's platforms and data infrastructure provide enhanced performance reliability, security, and capability benefits. Our multiple data centre locations support resilience and continuity of service and operate according to internationally recognised data centre standards.

The Group is ISO9001 and ISO27001 accredited and applies rigorous change control and software development processes to ensure that any work undertaken on its software and technology infrastructure minimises customer impact.



## Dependence on Key Customers

|                         |  |
|-------------------------|--|
| <b>Potential Impact</b> | The Group's business is dependent on several key customers. If the Group's commercial relationship with these customers terminates or reduces for any reason, its financial results could be materially adversely affected.  |
| <b>Mitigation</b>       | <p>Dedicated account managers provide customers with personalised support, ensuring their specific needs are understood and addressed. This proactive approach strengthens relationships, enhances solution adoption, and supports long-term satisfaction and retention.</p> <p>Microlise is investing in Customer Success, a business-wide customer relationship-focused philosophy to ensure customers achieve their desired outcomes by fully utilising our products and services.</p> <p>The core objectives of Customer Success at Microlise are to:</p> <ul style="list-style-type: none"> <li>• Lead our customers to success</li> <li>• Improve our customer experience</li> <li>• Drive increased contract value and recurring revenue by providing our customers with products and services that resolve both current and future challenges</li> <li>• Create customer advocacy</li> <li>• Eliminate Churn</li> </ul> <p>In parallel with the above initiative, Microlise is rolling out a more streamlined customer service process, in which the tiered structure of customer service will be replaced by highly qualified operatives, who will own an issue or customer ticket from start to finish. In addition, Microlise has implemented health scores against each customer, encompassing various performance indicators such as NPS (Net Promotor Score), CSAT (Customer Satisfaction Score,) and CES (Customer Effort Score). This data will also be invaluable in helping us to identify customer improvement opportunities.</p> |



## Dependence on Key Suppliers

|                         |   |
|-------------------------|---|
| <b>Potential Impact</b> | Any business dependant on key suppliers has an element of risk due to the disruption in operations they could cause. This could lead to delays in the delivery of goods or services to Microlise, which in turn impacts the company's ability to fulfil customer orders, leading to lost revenue and damage to the company's reputation. Additionally, if Microlise had limited options for sourcing key materials or services, it could lead to increased costs or reduced profitability.  |
| <b>Mitigation</b>       | <p>We take several steps to mitigate the risk of being dependent on key suppliers. To reduce our reliance on a single supplier, we dual-source key materials or services from two different suppliers. This strategy helps to make us less vulnerable to supply chain disruptions.</p> <p>We also maintain appropriate stock levels of tangible goods or goods for resale. By keeping enough inventory on hand, we are better positioned to weather any disruptions that may occur in the supply chain. To achieve this, we work with suppliers to ensure adequate lead times for deliveries and monitor inventory levels to ensure they are sufficient to meet customer demand.</p> <p>Furthermore, we have identified key suppliers and developed strong relationships with them. This involves regular communication and collaboration to ensure that both parties are aware of each other's needs and priorities. By building strong relationships with our key suppliers, we can work together to identify potential supply chain risks and develop strategies to mitigate them.</p> |



## Technological Advances & Competition In A Rapidly Evolving Market

|                         |  |
|-------------------------|--|
| <b>Potential Impact</b> | The Group expects new technology to continue to emerge and develop. Although Microlise believes that significant barriers to entry exist in the markets in which the Group operates, most notably the product knowledge and expertise necessary to design an end-to-end modular and scalable solution, the risk exists that new technology may be superior to, or render obsolete or unmarketable, the products that the Group currently offers. AI technology poses a potential risk to technology companies by enabling their customers to develop technical products in-house with greater ease. As AI capabilities become more accessible and user-friendly, customers may opt to leverage these tools to undertake tasks traditionally outsourced to technology companies, such as software development or data analysis. |
| <b>Mitigation</b>       | The Group continues to update its products and to invest significantly in ongoing research and development, as well as anticipating and adapting to the impact of technological change. Evidence of this is the recent acquisition of the Transportation Management System providers Vita Software and Enterprise, which brings new high value services to the product portfolio. Microlise already harnesses AI technology within existing and future products , including within its operations. The inclusion of AI within our own product roadmaps enables the leverage that customers would seek to benefit from a lower level of competence, harnessed at a much higher level of expertise which customers look to receive from a technology partner.  |



## Growth Strategy In New Geographies

|                         |  |
|-------------------------|--|
| <b>Potential Impact</b> | The Group’s growth strategy is in part predicated on acquiring new customers in new geographies, in particular mainland Europe and the Asia Pacific region. In the event that it is constrained in its ability to do this, the Group’s growth could be adversely impacted.   |
| <b>Mitigation</b>       | The Group continues to invest into France and Australia, supporting both customers and new business wins, with the addition of sales and marketing personnel. New marketing approach is being taken to enable more bespoke support for the regions to improve lead generation, with in country resource a key part of this approach. |



## Recruitment & Retention Of A Skilled Workforce

|                         |  |
|-------------------------|--|
| <b>Potential Impact</b> | Continuing to attract and retain employees with the appropriate expertise and skills cannot be guaranteed and can be costly. The Group’s future development and prospects depend to a significant extent on the experience, performance, and continued service of its senior management team. Effective product development and innovation, upon which the Group’s success and future growth hinges, is also dependent on attracting and retaining talented technical and operational employees.   |
| <b>Mitigation</b>       | <p>The Group is continuously looking to bring a competitive remuneration policy which plays an important role in attracting and retaining personnel. The Group now offers UK personnel access to an electric vehicle salary sacrifice scheme, to support both the accessibility of new electric cars and the reduction of the business’ carbon footprint.</p> <p>The Group is also completing market salary benchmarking analysis, to maintain strong recruitment and retention capabilities. Effective succession planning for key staff, tailored development and training programmes and competitive retention and incentive packages support our retention strategy. Evidence of the Groups success can be seen in the Great Place to Work accreditation obtained by both the India and UK operations.</p> |



## Inflationary & Exchange Rate Pressures

|                         |  |
|-------------------------|--|
| <b>Potential Impact</b> | As is the case for many organisations, the Group is currently facing broad-based price inflation increases, ranging from salaries, wages, and utilities. As the Group’s footprint continues to grow internationally, exchange rate fluctuations could have a material effect on the Group’s profitability or the price competitiveness of its services   |
| <b>Mitigation</b>       | <p>We are realigning our talent recruitment strategies to reduce the impact of wage inflation by looking beyond ‘traditional’ talent pools to include freelancers, part-timers, and career restarters. The Group has actively looked to limit any costs passed on to customers, but RPI increases have been implemented to limit the impact of pressures. The Group is exposed to currency risk as a result of its operations.</p> <p>However, given the size of the operation and level of foreign currency transactions, the cost of managing the exposure through the use of derivative financial instruments exceeds any potential benefits, and as such, no derivative financial instruments are used to hedge any risks. The Group minimises currency risk exposure by operating foreign company bank accounts to offset foreign currency receipts and payments, and makes timely currency exchanges based on the Group’s financial currency, where appropriate.</p> |



## Climate Change

|                         |   |
|-------------------------|---|
| <b>Potential Impact</b> | Climate change is impacting global weather patterns such as increased levels of rain fall, flooding, heat waves and drought. Microlise recognises that this will have medium and long term impacts on businesses, infrastructure and the global population. The longer term impact is likely to include a continued focus on fossil fuel consumption and the transition to alternative fuels which will impact both customers and suppliers operating models and cost structures.   |
| <b>Mitigation</b>       | We’re committed to ongoing initiatives aimed at reducing both our customers and our own carbon footprint. Our products and services actively support our customers in reducing their carbon footprint through efficient use and management of their assets. This impact has been quantified in the ESG report section, in litres of fuel and subsequent carbon emissions saved. The impact of climate change on the various aspects of our business operations, including supply chain and component availability is reviewed on a continual basis through our risk management framework. The Microlise newly produced Climate-related Financial Disclosures also enables the Group to analyse, identify and mitigate the climate related impacts of its business operations. |



## Macroeconomic Conditions

|                           |  |
|---------------------------|--|
| <b>Potential Impact</b>   | The Board and senior leadership continue to proactively monitor external geopolitical risks such as the impact of future pandemics, and the ongoing conflict in Ukraine, Gaza and China’s aggression towards Taiwan, to respond and adapt at speed.  |
| <b>Business Community</b> | Microlise continues to monitor the ongoing global geopolitical events to make informed decisions on its business operations, including the upcoming elections for major global players such as the US, as well as the conflict in Gaza and growing tension with Russia. Microlise does not have any dependency on material supply from the Ukraine region. |

The impact on the wider economy of the conflict could impact Microlise through inflationary pressures and volatility in the foreign exchange rates. Interest rate exposure is not considered to be a material issue whilst the RCF facility is not utilised. Ongoing assessments will be undertaken prior to any draw down. With respect to foreign exchange, Microlise operates bank accounts in various currencies and utilises funds by matching non-GBP denominated payments and receipts wherever possible to mitigate transactional impacts. Our customer base will experience a significant impact from fuel price inflation and historically Microlise has always seen an increase in opportunities during these periods as our hardware and software solutions provide fleet operators with opportunities to increase efficiencies and reduce costs.



## Evolving Global Compliance & Legalisation

### Potential Impact

As Microlise continues to expand its global footprint, the complexity and variability of compliance requirements across multiple jurisdictions presents an ongoing challenge. From data protection and environmental regulations to transport-specific legal frameworks, non-compliance could result in financial penalties, operational disruption, reputational damage, and barriers to market entry. Key areas of focus include the General Data Protection Regulation (GDPR) in the EU, which places strict obligations on data handling and user privacy. These evolving legal frameworks demand continuous vigilance.

### Mitigation

Microlise adopts a proactive and structured approach to compliance, leveraging both in-house expertise and a network of external subject matter experts to monitor, interpret, and respond to regulatory developments. Our Legal, Product, and Compliance teams collaborate closely with local counsel and global advisory partners to ensure alignment with current and upcoming legal requirements. Specific actions include GDPR-focused data governance protocols, privacy-by-design product development. We conduct regular risk assessments, compliance audits, and internal training to reinforce best practices. By embedding legal and regulatory considerations early in the product development lifecycle, Microlise ensures scalable, future-ready solutions that can confidently meet evolving global standards.

# Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making.

## Why We Engage

Microlise's strategy focuses on enabling a safe, efficient and sustainable connected world.

As a collaborative partner to our customers, we deliver transformational solutions and value-adding actionable insights from connected assets for fleet operators and product manufacturers.

As a global business, we engage with a range of key stakeholders to ensure we understand the interests and concerns of all of our stakeholder groups.

Effective engagement with stakeholders at Board level and throughout our business is crucial to fulfilling Microlise's core purpose. We collaborate with all stakeholder groups including investors, customers and suppliers, employees and regulators, to listen and take on board feedback while remaining open to change.

## Throughout this Annual Report, we provide examples of how we:



## Key Decisions Taken

Two significant decisions shaped the year: the acquisition of Enterprise Software Systems Ltd (ESS) and the successful recovery following a cyber incident. The acquisition broadened our product capability and customer offering, while the smooth integration of ESS staff ensured continuity and cultural alignment, positively impacting our people and customers. The rapid response to the cyber incident prioritised data security and business continuity, reinforcing trust with customers, suppliers, and investors. These decisions strengthened our operational resilience, safeguarded long-term value for shareholders, and supported our commitment to responsible business practices—minimising disruption to the wider community and maintaining our focus on environmental stewardship.

## Investors

Our business model, supported by our strategy, aims to deliver sustainable long-term growth and returns to our shareholders.

The Directors recognise that effective engagement with shareholders is key. In addition to engaging through the Company's annual general meeting (AGM) and through stock exchange announcements, the Executive Directors, supported by the Company's broker, also meet with institutional shareholders and analysts.

## Our Key Stakeholders

- Investors
- Customers & Suppliers
- Our People
- Community & Environment

## Focus Areas

- Focus on sustainable growth
- Prioritise growth investment

These meetings involve discussion of the Company’s strategy, performance and objectives, and provide a valuable forum for investors to offer feedback. Investors and other stakeholders can also access information about the Company on our website.

## Customers & Suppliers

Microlise endeavours to be open and transparent in all its dealings across our supply chain extending from employees, through to customers, sub-contractors and suppliers.

We are committed to providing our customers with the highest quality products and we believe the best method of meeting this commitment is to build a strong relationship with like-minded suppliers who share our values and ethical standards and conduct their business in a similar way to ours. Our supplier relationships are based on trust and transparency.

We also consider the ethical and environmental obligations of all of our activities, including sourcing from reputable and sustainable suppliers and procuring as locally as possible, wherever possible. Microlise has established supplier assessment procedures in place to seek to maintain best practice standards.

### Customer Focus Areas

- Technical expertise
- Market-led approach
- Collaboration across the supply chain
- Solutions-driven culture
- Quality customer support

### Supplier Focus Areas

- Security of supply
- Fast lead times
- Compliance, oversight & quality
- Reliability & flexibility

## Our People

Microlise is committed to its employees, recognising that they are fundamental to its success. The company’s early-stage talent programme through its Academy brings new skills to the business while also providing opportunities for growth and development for its employees. Microlise’s commitment to lifelong learning and professional development is reflected in its ongoing efforts to deliver a series of courses across the entire business. The company has again been accredited as a Great Place to Work, which demonstrates its dedication to creating a positive and supportive work environment for its employees.

### Focus Areas

- Innovative culture
- Highly motivated and talented employees
- High retention rate and appropriate reward
- Safety & Wellbeing
- Diversity and inclusion agenda

Microlise’s focus on communication and engagement has also served it well. Through various forums, the company keeps its staff informed of key developments, business performance, and other issues that may affect both their working and personal lives. Overall, Microlise’s commitment to investing in its employees, providing ongoing learning opportunities, and fostering a positive work environment is reflected in its success and its dedication to continued growth and development.

# Community & Environment

We actively encourage business-wide and employee support for local communities and good causes and have established a Group-wide Community Engagement Group (CEG) to manage initiatives. Our support extends from being a proud corporate sponsor to large charitable organisations such as Transaid, to supporting local orphanages in India, providing sports kits to clubs, books and resources to primary schools, and supplying local food banks in and around Derbyshire and Nottinghamshire.

## Focus Areas

- Sustainability agenda
- Sustainable solutions
- Resource efficiency/maximise resources
- Social Responsibility

We actively encourage business-wide and employee support for local communities and good causes and have established a Group-wide Community Engagement Group (CEG) to manage initiatives. Our support extends from being a proud corporate sponsor to large charitable organisations such as Transaid, to supporting local orphanages in India, providing sports kits to clubs, books and resources to primary schools, and supplying local food banks in and around Derbyshire and Nottinghamshire.

Microlise created Road to Logistics, a not-for-profit, community interest company (CIC). Road to Logistics provides a national training programme to encourage new talent into the transport and logistics industry from sections of society where individuals need help and support. The road logistics industry relies heavily on its drivers and the recent driver shortage in the UK, has been well documented. These training programmes are helping to close the gap and support diversity as they encourage women, ex-offenders, the long-term unemployed and individuals from other disadvantaged backgrounds to apply.

Sound environmental practices and the impact of our operations are factors of great importance to Microlise. The Group's Environmental Policy seeks to adhere to local, state and national environmental legislation in all jurisdictions in which we operate and to promote the adoption of responsible environmental practices. We operate our facilities as efficiently as possible and have shared our current ESG objectives and outcomes on pages 38 to 67.

As a business, we challenge ourselves to develop smarter ideas and to constantly improve our technology to enable our customers to meet both business and sustainability goals. We reinvest in product innovation with an annual R&D spend of £2.2 million and have won a number of prestigious awards for our products & solutions.

Our technology delivered tangible results to many of the UK's largest retailers, leading hauliers and third-party logistics providers.

This contributes to positive impacts on environmental performance, and improvements in air quality and urban environments while reducing consumption through intelligent planning and route optimisation. Other positive impacts include a reduction in accidents through improved driver behaviour and fewer vehicle breakdowns thanks to our vehicle health monitoring system. Cumulatively these products support reduced emissions, congestion and the negative societal impacts of both.

Our products are designed and manufactured to take account of end-of-life recycling and disposal. Our businesses comply with The Waste Electrical and Electronic Equipment Regulations ("the WEEE Regulations") and work in full compliance with The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2004 ("the RoHS Regulations"). The environmental performance of Microlise continues to improve through our efforts to reduce energy consumption and waste and increase recycling efforts.

# How We Conduct Our Business

As a business, Microlise is committed to delivering to a high standard and seeks to benchmark itself against internationally recognised standards. The business has held ISO27001, ISO9001 (quality management system) for a number of years and has more recently, and also TickITplus Foundation Level to its accreditation portfolio.

**Focus Areas**

- Adherence to international standards
- Top down culture of integrity, accountability & transparency

Microlise expects that all of its business is conducted in compliance with high ethical standards of business practice. We apply these standards across all of our dealings with employees, customers, suppliers and other stakeholders.

Our Ethics Policy has been developed to ensure that our business is conducted with adherence to the highest ethical and legal principles and sets standards of professionalism and integrity that is expected from all of our employees across all of our operations.



# Our People & Operations

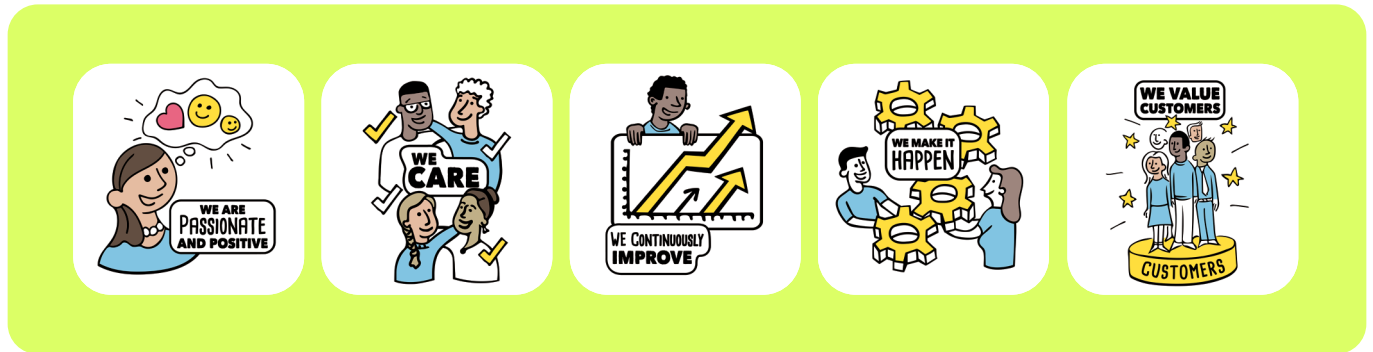


## Our People

We believe that success isn't just about what we achieve, it's about how we get there. That's why we hold ourselves to the highest standards of integrity, accountability and social responsibility.

Our Core Values are more than principles on paper; they guide our decisions, shape our culture and influence the way we support and recognise our team. These values define how we engage with our colleagues, customers, partners and the wider community.

Over the past year, and as we move into 2025, we've strengthened our commitment to fostering an even more supportive and dynamic workplace.



## Recruitment & Retention

Our people are at the heart of everything we do, and we're committed to fostering a workplace where everyone feels supported and empowered. We invest in professional development, equipping our team with the resources they need to thrive.

To stay ahead, we continuously assess our benefits and career growth initiatives, ensuring they remain competitive and reflect the needs of our workforce.

Globally, our team grew by 11% over the last 12 months, reflecting our ongoing commitment to professional development.

### Our 2024 Great Place to Work recognitions include:

- Best Large Workplaces (UK)
- Great Mid-size Workplaces (India) – ranking 85th
- Best Workplaces for Development – ranking 75th
- Best Workplaces in Tech
- Top 100 Best Workplaces in IT & IT-BPM (India)

# Diversity & Inclusion

We are committed to building a workplace where everyone feels respected and empowered, ensuring inclusivity is part of the entire employment lifecycle.

We provide meaningful support to all employees and actively promote diverse representation through targeted programs.

**In India, we were also recognised by Great Place to Work in the following categories:**

- Top 100 Best Workplaces for Women
- Best Workplaces for Millennials

# Employee Engagement

Understanding and supporting our employees is a top priority – and to enhance connection in a hybrid work environment, we've revamped our internal events program, giving employees a voice and hosting events that matter to them. Over the past year, we hosted 10 engagement initiatives in the UK, five events and four CSR activities, strengthening our sense of community.

**Events and activities included:**

- International Women's Day
- St George's Day
- The Big Logistics Challenge
- Summer BBQ
- Christmas 'Jingle and Mingle'

**CSR activities included:**

- Litter picks with free breakfasts
- Redecorating a women's shelter (Juno)
- Gardening and animal care at Moohaven horse sanctuary
- Revive and foodbank donations, providing gifts and essential supplies to those in need.

These initiatives strengthened community ties and reinforced a commitment to social responsibility.

# Health & Wellbeing

Our dedication to employee wellbeing has earned widespread recognition, securing us the 58th spot on Great Place to Work's list of large companies the 'Best Workplaces for Wellbeing.'

Additionally, we have a team of 15 Mental Health First Aiders and 35 Mental Health Champions actively fostering a supportive work environment.

**In 2024, in both the UK and India we hosted 7 wellbeing events, focusing on important topics including:**



-  Neurodiversity
-  Mental Health
-  Women's health  
'Wear it Pink'
-  Men's health  
'Movember'

To further promote health and wellness, we also provide free health checks in both the UK and India regions.

## ESG


### Environmental

Sustainability is at the core of our mission, shaping both our products and our business practices.

By partnering with top players in the transport industry, we help streamline operations while minimising environmental impact.

In 2024, we renewed with the London Stock Exchange Green Economy Mark for generating 50% or more of our total annual revenue from products and services that contribute to the global green economy.

We empower fleet operators and manufacturers with a seamless ecosystem to monitor, manage and maintain assets efficiently, driving sustainability through enhanced operations, reduced emissions and optimised resource:

-  **Transport Management System**  
Reduces idle time, optimises routes and minimises waster – lowering fuel consumption and emissions.
-  **Planning & Optimisation**  
Optimised routes and better load planning decreases fuel use and fleet emissions.
-  **Fleet Performance**  
Monitoring vehicle performance and proactive maintenance ensures sustainability. And real-time training encourages eco driving habits – cutting fuel use and emissions.
-  **Journey Management**  
Adjusts routes dynamically, minimising fuel waste.



## Fleet Safety & Compliance

Enhanced monitoring leads to fewer accidents and emissions. While digital compliance processes reduce paperwork.



## Driver Connected Mobility

Real-time communication minimises idling and paperwork.



## Remote Asset Monitoring

Real-time insights enhance efficiency and reduce downtime.

**And the positive impact we have for our customers speaks for itself from our publicly available case studies:**

**8%** fuel cost reduction and **15%** fewer accidents for DFS

**10%** better fuel efficiency and **12%** fewer accidents for Carlsberg

**15%** reduction in miles travelled for Travis Perkins

**5%** fuel saving with optimised routing for Maritime Transport

**12%** fewer accidents for Suttons Group

**100%** paperless workflow for PurePac

**90%** less callouts and **25%** service revenue increase for JCB

**5,000** fewer fleet miles and **£2,300** fuel savings for Direct Sameday

## The Sustainability of Our Operations

What some call environmental, social, and governance management, we view as the right and intelligent way to do business.

Our company's focus is on transitioning to a sustainable, low-carbon future, collaborating with our clients to support their decarbonisation strategies. Although many of our near-term initiatives are still in the implementation phase, we have set a clear objective of achieving quantifiable results by 2025.

**In 2024, we successfully implemented the following initiatives that help to reduce our carbon consumption:**

- Increased the 502 solar panels at our Head Office for full coverage of entire HQ roof space.
- Expanded Head Office EV charging points from 6 to 12.
- Implementation of LED lighting at our Head Office.

Going forward, these initiatives will be managed by the new, cross-functional Environmental & Sustainability Green Committee, that will focus on our carbon consumption.

## Current Initiatives

### Emission & Reduction Initiatives Including:

- New fleet of hybrid vans for engineering team have been ordered for delivery March 2025, replacing mixed aged fleet
- Scope 3 assessment working with our partner to identify targets and create plans to reduce carbon in the supply chain.
- Complete externally conducted Energy audit of UK Facilities (external partner) to identify other carbon saving targets
- EV salary sacrifice scheme for all staff fully implemented. Suitable for cars under 75g/per kilometre, there's the opportunity for 68% of staff to benefit from this initiative.
- Implementation of new company regulation that prohibits the use of vehicles that exceed 130g/per kilometre CO2 emission is underway. This new regulation applies to engineers and field-based employees.
- We continue to offer an off-setting scheme for car fuel where our fuel card provider off-sets based on our per annum financial expenditure.

### Energy Reduction Initiatives Including:

- Gas and electricity supplied to the Head Office continue to be green energy. This initiative was first implemented in August 2021.

## Social

In upholding our fundamental principle of 'We Care,' we ensure that every action we take positively impacts our community and stakeholders. Notably, in 2024, we upheld our Great Place to Work™ accreditations for the entire Microlise Group.

This continued recognition is significant and offers valuable insights into our workforce's perspectives, guiding our future strategies.

**During the 2024 assessment conducted by Great Place to Work™ (GPTW), our UK employees rated us as follows:**

**95%** of participants said it was a physically safe place to work.

**94%** of participants believed they are treated fairly regardless of their race.

**94%** of participants said they were treated fairly regardless of their sexual orientation.

**92%** of participants said they are able to take time off from work when they think it's necessary.

**92%** of participants said that when they joined Microlise, they were made to feel welcome.

## Governance

At Microlise, we place a high priority on good governance and are committed to upholding the highest standards of corporate governance in all areas of our operations. Our commitment to good governance is demonstrated through our adherence to the 10 principle QCA code, which provides a framework for transparent, accountable, and responsible operations. Microlise's Corporate Governance Statement section can be found on pages 71 to 73.

To ensure that all of our employees operate in a responsible and sustainable manner, we provide comprehensive iHasco training covering ethical decision-making, risk management, and compliance with laws and regulations. This training promotes a culture of responsibility and accountability throughout our organisation.

In addition to our training programs, we have established policies and procedures to ensure good governance across all areas of our operations. We have clear lines of responsibility and accountability, robust risk management processes, and regular reporting to our Board of Directors on key governance issues. We also engage with our stakeholders to ensure that we understand their needs and concerns and that we are responsive to their feedback.

A test of our established governance processes occurred during the year by virtue of the cyber incident. Upon identification, the matter was elevated to the executive board within minutes and a plan to respond was produced and board approved including identifying professional advisors to support. The role of the non-executive directors was to challenge the proposed response and review communication with our stakeholders.

We have established policies and procedures to manage potential conflicts of interest, and our board regularly reviews its own composition and performance to ensure that it remains effective and independent.

At Microlise, we believe that good governance is essential for building trust and confidence among our stakeholders, and for achieving our strategic objectives over the long term. We are committed to continually improving our governance practices and processes to ensure that we operate in a responsible, sustainable, and ethical manner.

## Learning & Development

### Training Investment

**£183,000** includes **£94K** of apprenticeship levy (2020)

**£276,000** includes **£104K** of apprenticeship levy (2021)

**£318,000** includes **£130K** of apprenticeship levy (2022)

**£502,000** includes **£104K** of apprenticeship levy (2023)

**£332,000** includes **£54K** of apprenticeship levy (2024)

Now in its sixth year, the Learning and Development Academy is open to employees across the Group.

Supporting professional growth across all departments by offering skill-building opportunities and a dedicated early-career talent programme, this initiative combines education with hands-on experience to foster the development of our workforce.

In 2024, a total of 26 Graduates worked at Microlise across Software Engineering, Data Science and Dev Ops. There were two leavers from this group.

We currently employ 3 Apprentices in the UK, 1 who started in 2023, the previous apprentices have all now completed their apprenticeships.

From the inception of the India graduate programme in 2021, a total of 31 graduates have gone through the programme with 5 leavers. Of this, 10 started in 2024 with 1 leaver.

| Year | Joined | Still with us |
|------|--------|---------------|
| 2021 | 13     | 10            |
| 2022 | 0      | 0             |
| 2023 | 8      | 7             |
| 2024 | 10     | 9             |

At the end of 2024, the combined number of Graduates and Apprentices currently going through the Microlise programmes is 29.

## Learning & Development Opportunities

We prioritise learning and growth as a key part of our HR strategy, ensuring we attract and retain top talent. A highly skilled workforce drives our innovation and keeps us competitive. And investing in our people not only strengthens our team today but also fuels our future expansion. Through our Leaders of Tomorrow program, we're cultivating the next generation of leaders to guide us forward.

### In 2024 we:

- Hosted a 'Leader of Tomorrows' programme for **12 employees**.
- Introduced a new learning programme – **Manager as a coach** for **34 employees**.

In total, we invested **£332,000** into learning and development – including **£54,000** of apprenticeship levy – delivering **3,748 hours** of face-to-face learning plus **3,000 hours** online via LinkedIn Learning

## SECR Report

The following table provides a summary of greenhouse gas (GHG) emissions during the reporting period and corresponding periods, including emissions from stationary consumption (such as electricity and gas used in our office facilities) and mobile consumption (from our vehicle fleet) in accordance with Streamlined Energy & Carbon Reporting (SECR) requirements.

**Following an update to an alternative metric, the intensity ratio's for the prior year has been recalculated using average number of employees:**

| Emissions Source   | Reporting Year End<br>31 <sup>st</sup> December 2024 |                                       | Reporting Year End<br>31 <sup>st</sup> December 2023 |                                       |
|--|--|---------------------------------------|--|---------------------------------------|
|  | UK and Offshore                                      |                                       | UK and Offshore                                      |                                       |
|  | Energy Consumption (kWh)                             | Carbon Emissions (tCO <sub>2</sub> e) | Energy Consumption (kWh)                             | Carbon Emissions (tCO <sub>2</sub> e) |
| Purchased Electricity  | 772,404  | 269.5                                 | 1,000,788  | 321.1                                 |
| Natural Gas  | 133,677  | 24.4                                  | 89,177   | 16.3                                  |
| Transport  | 1,703,429  | 401.8                                 | 1,509,544  | 354.5                                 |
| <b>Total</b>   | <b>2,609,510</b>                                     | <b>695.7</b>                          | <b>2,599,509</b>                                     | <b>691.9</b>                          |
| Average Number of Employees                                  | <b>805</b>   |                                       | <b>715</b>   |                                       |
| Intensity Ratio: tCO <sub>2</sub> e/employee                 | 0.864  |                                       | 0.968  |                                       |
| Intensity Ratio: tCO <sub>2</sub> e/employee Annual % change | -10.7%   |                                       |  |                                       |

## Methodology

The following methodologies have been used to calculate the above CO2e emissions:

- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition)
- HM Government Environmental Reporting Guidelines (2019)

## Energy Efficiency Action Taken

During the 2024, we implemented a number of energy saving initiatives at the Nottingham HQ site. As a result, energy consumption at this site reduced by some **261,156 kWh (36.5%)** when compared to 2023.

We also continue to work towards our 2030 Net Zero targets, developing our relocation & consolidation strategy and linking our carbon reduction targets to Long-Term Incentive Plans.

2024 also saw a significant rise in the usage of hybrid and electric vehicles across the Group, showing a transition to more efficient vehicle types.

## Climate-related Financial Disclosure (Regulations 2022)

The regulations requires disclosures on the following four elements within financial disclosures:

**Governance** – Top Management (the Board or equivalent) oversight and how management assesses climate-related risks and opportunities.

**Strategy** – Identified climate-related risks and opportunities, what their overall impact are and how the organisation is managing them.

**Risk Management** – How the organisation identifies, assesses and manages climate-related risks and how this is integrated into organisations overall risk management.

**Metrics and Targets** – The metrics used by the organisation to assess climate-related risks and opportunities, disclosure of Scope 1, 2 and, if appropriate, Scope 3 carbon emissions and the climate-related targets currently in place.

## Governance

### a. Board Oversight of climate-related risks and opportunities

The overall responsibility for directing the Microlise group and formulating its overall business strategy resides with its Board. The Board comprises the Non-Executive Chairman, The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and two Non-Executive Directors. The CEO and CFO have overall responsibility for addressing and managing Microlise's climate change management strategy. They are aided by the Senior Leadership Team (SLT), which they lead. This ensures that climate change risks and opportunities are identified and understood by top management.

**To enhance Microlise's climate change management strategy, it also established a cross divisional subcommittee in 2024 which includes:**

- HR Director
- Product Director
- Head of Financial Reporting and Compliance
- Head of IT Operations
- Head of Supply Chain and Assurance
- Head of Global Payroll
- Head of Procurement

- Head of Sales Operations
- New Product Introduction Engineer Technical Lead
- HSQE Advisor
- Facilities Manager
- Products Operations Manager
- HR and Engagement Specialist

This additional resource will embed climate change management practices, ensuring that Microlise has a wide understanding of potential climate change risks and opportunities. The robustness of Microlise's climate change management strategy is also verified by the non-executive members of its Board, ensuring that identified mitigation measures and opportunities are appropriate for the business.

Our Microlise Board formally meets at least ten times per annum, with at least two meetings per annum discussing ESG, sustainability and climate change matters and four of these directly reviewing the identified corporate risks. The Board aims to increase the frequency of formally discussing climate-related issues to at least quarterly in FY24. The CEO and CFO are the climate change management link between the Board and the SLT. They lead the monthly Integrated Management System (IMS) meeting where the group-wide risk register and relevant standards are reviewed by the SLT. Climate-related risks and opportunities are discussed during these meetings to ensure that the management strategy is being implemented effectively and to address any potential climate-related issues as early as possible. This has been instrumental in incorporating the findings of the climate change scenario analysis carried out in 2023. The 2024 scenario analysis has recently been carried out and its findings are currently being reviewed and incorporated within the overall risk register. Any pertinent climate-change related issues are then raised by the CEO and CFO in subsequent Board meetings.

The cross divisional sub-committee is primarily focused on sustainability and environmental management including climate change matters, thus enabling it to have a broader reach and understanding of how these matters could impact the business.

**Some good examples of how climate-related matters have influenced Microlise's business strategy include:**

1. The commitment to undertake ESOS Phase 4 Lead Assessor energy audits in 2025, well before the legal compliance deadline of 6 December 2027.
2. Microlise's continual focus on reducing its Scope 1 and 2 carbon emissions in order to achieve its net zero targets by 2030.
3. Linking a carbon reduction target with the Long-Term Incentive Plan (LTIPs).
4. Microlise has continued to progress its carbon measurement strategy and is currently calculating its entire Scope 1, 2 and 3 carbon footprint. The results will likely be available in Q1 / Q2 in 2025.

**b. Management's role in assessing and managing climate-related risks and opportunities**

**The management of climate change risks and opportunities rests with the Senior Leadership Team (SLT), which is led by the CEO and CFO: The SLT includes the following key members:**

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Product Director
- Operations Director
- Chief Revenue Officer
- Chief Technology Officer
- Human Resources Director
- Strategy & M&A Director

The SLT reviews climate change risks during its scheduled monthly meetings, as appropriate. These are managed through the group-wide risk register which forms part of Microlise's Integrated Management Systems (IMS).

**The SLT identify climate change issues and opportunities through the following:**

**National and local governmental bodies** – These provide details and enforce climate related regulations which Microlise will need to comply with. A good example is the SECR regulations where all UK energy assets within scope will need to be assessed and reported within financial statements each year.

**Suppliers** – By engaging with this stakeholder, Microlise gains valuable insights into how climate change might affect its supply chain. This knowledge is essential for formulating effective mitigation strategies to maintain its high level of service to its customers. The outputs of this are contained within the group level risk register.

**External specialists** – These experts provide Microlise with access to a wider understanding of current climate change risks and opportunities. This knowledge is crucial in determining a true reflection of the potential impacts and ensures appropriate mitigation strategies can then be developed. A good example of this would be the newly appointed ESOS Phase 4 lead assessors who are providing support in identifying ways Microlise can reduce its Scope 1 and 2 carbon emissions and its overall climate change impact.

**Customers** – Central to Microlise's offering is ensuring customer satisfaction. This is accomplished by providing reliability of service and understanding the needs of this stakeholder. By engaging customers, Microlise gains a deeper insight into how climate change impacts them, enabling the adaptation of current offerings to support customers in their climate change mitigation efforts. Microlise is currently researching and developing its driving management solutions to enhance the insight provided to customers on the climate impact from their fleets.

**Continual Professional Development** – Key staff members attend exhibitions and other events to understand how climate change may affect Microlise and its stakeholders including customers.

Microlise's cross divisional sub-committee had its first meeting in December 2024. The main purpose of this sub-committee is to support Microlise to enhance its sustainability and environmental management, this includes climate change.

Through the above engagement and the annual scenario analysis, Microlise has developed and maintains a corporate risk register. This contains all identified risks which could potentially impact Microlise at a group level. One of the aims of the newly established climate change subcommittee is to determine how these group identified risks will affect Microlise at a more local level. The results of this will be included in future responses.

The risk register is controlled, populated, and reviewed by the SLT. In addition, the Board reviews the risk register quarterly to ensure that mitigation measures are understood and are practicable. This risk register takes into consideration all group companies and the countries they operate in. A summary of the climate change transitional and physical impacts and opportunities has been provided in section "Strategy, a".

## Strategy

### **a. Climate-related risks and opportunities in the short, medium, and long term**

Microlise has determined the following short, medium, and long-term timescales based on its current business model, product life cycle, product development and typical length of customer contracts in 2024. To confirm, Microlise determined that these timescales are still representative in 2024.

| Time Horizon | Time (yrs)   |
|--------------|--------------|
| Short-term   | 1 to 3 years |
| Medium-term  | 3 to 5 years |
| Long-term    | 5 years+     |

The SLT develop and maintain Microlise’s corporate risk register; the Board reviews it at least quarterly to ensure its appropriateness and robustness.

In 2023, Microlise undertook its first scenario analysis using the International Panel on Climate Change Assessment Report 6 (IPPC AR6) which provided good predictive models of the environmental and socioeconomic impacts of a variety of different scenarios. The findings were reviewed and incorporated into the corporate and environmental risk registers. The scenario analysis was expanded and undertaken again in 2024. A summary of the key outputs has been provided in the Strategy Section.

Risks are assessed against probability and potential impact, using a 1 (lowest) to 5 (highest) system. These two assessments are multiplied together to generate an overall risk rating, with 25 being the highest possible score. Appropriate mitigation measures are determined, applied, and each overall risk ratings are reassessed. Any risk that has a score of 10 or more is prioritised to identify additional mitigation measures.

In 2024, Microlise expanded its risk scoring methodology to quantify the potential financial impact for key relevant climate change risks. Using the final risk rating (after mitigation measures have been taken into consideration) a percentage impact on revenue is estimated for the short, medium, and long term. This not only provides more information on the financial implications of climate change risks but also when they will likely impact Microlise. This type of assessment enhances Microlise’s overall climate change management strategy by helping identify when mitigation measures will need to be implemented to reduce the impact of climate change risks.

**The following three tables provide summaries of Microlise’s relevant:**

- Transitional climate-related risks.
- Physical climate-related risks.
- Financial impacts from key climate change risks.

## Transitional Climate Change Risk Summary Table

| Ref. | Climate Change Impact | Short-Term  | Medium-Term   | Long-Term |
|------|-----------------------|---|---|-----------|
| 1.   | Policy and Legal      | <p><u>Risks</u><br/> <b>Climate change legislation</b><br/>                     There are a number of current climate change related regulations Microlise must comply with by assessing its energy consumption and reporting its carbon emissions. Examples include the UK's SECR and ESOS regulations. Non-compliance with these regulations risks reputational damage and fines.</p> <p><b>Climate change taxes and levies</b><br/>                     The number and overall cost of climate change taxes and levies are expected to rise, particularly affecting high energy users and carbon producers. The impact of this may not be significant to Microlise, however it has potential to impact its high energy consuming suppliers (datacentres) and customers. Consequently, this could increase the cost of Microlise's products and services.</p> | <p><u>Risks</u><br/> <b>Future climate change legislation</b><br/>                     It is highly likely that the number and overall climate change regulatory requirements will increase in the medium to long-term. Examples include the updated Climate Change Agreement (CCA) Scheme due to come into effect early 2025 and the UK sustainability disclosure standards due for publication in 2025, aligning with the International Sustainability Standard Board (ISSB) standards.</p> |           |
|      |                       | <p><u>Opportunities</u><br/> <b>Climate reporting support</b><br/>                     With the noted increase in climate change reporting regulations there is potential to see an increase in demand for Microlise's offerings. This is due to the ability</p>  | <p><u>Opportunities</u><br/> <b>Improved regulatory resilience</b><br/>                     Microlise has continued to develop its Environmental Management system and is currently on track to fully align with the ISO 14001:2015 standard by the end of 2025. This continued system enhancement improves Microlise's ability to comply with regulations as well as strengthen its business offering.</p>   |           |

| Ref. | Climate Change Impact | Short-Term  | Medium-Term | Long-Term |
|------|-----------------------|---|-------------|-----------|
|      |                       | of the hardware and software solutions to capture a variety of data including energy consumption and carbon emissions.  |             |           |
| 2.   | Technology            | <p><u>Risks</u></p> <p><b>Acute climate change impacts</b><br/>Acute climate change weather events, such as severe storms, could potentially disrupt supplies or even affect the Microlise hardware solutions implemented by its customers. This risk could see supplier costs increase and/or affect Microlise being able to satisfy its customers' demands.</p> <p><b>Energy price increase</b><br/>Recent years have seen rapid fluctuations in energy prices. As climate change impacts worsen, it is expected that energy prices will likely increase. These increased costs will increase Microlise's operating and supplier costs. For example, data centres suppliers are a critical to Microlise's offering and if their energy costs increase then it will likely increase the cost of their services to compensate.</p> <p><b>Increase frequency of the development of products</b><br/>As mentioned previously, climate change could potentially affect Microlise's offerings. E.g., Offerings which require hardware may need to be redeveloped more frequently to account for the weather and meteorological changes associated with climate change. This would increase research and development costs.</p> <hr/> <p><u>Opportunities</u></p> <p><b>Research, development and product enhancement</b><br/>As climate change impacts increase in frequency and intensity, the need to monitor and capture data will grow. Microlise can develop additional services to support customers capture this necessary information. This could also open access to additional markets e.g., Building Management Systems (BMS) data collection.</p> |             |           |
| 3.   | Market                | <p><u>Risks</u></p> <p><b>Loss of revenue from decreased demand</b><br/>As customers climate change needs and strategies develop, there could potentially be a reduction in the amount of carbon intensive technology being utilised over the short, medium, and long-term e.g. electric vehicles (EV) being used as the main mode of travel. Significant market changes could potentially see a reduction in revenue.</p> <p>The increased focus on utilising less carbon-intensive modes of transportation could potentially impact Microlise. However, this risk is considered very low as due to the versatility of Microlise's data acquisition</p>  |             |           |

| Ref. | Climate Change Impact | Short-Term   | Medium-Term  | Long-Term |
|------|-----------------------|--|--|-----------|
|      |                       | <p>offering, it is able to capture information from a variety of different applications.</p>   |  |           |
|      |                       | <p><u>Opportunities</u><br/> <b>Carbon reporting support</b><br/>           Microlise’s data acquisition supports a wide variety of businesses. As such, the data which it captures and presents to its customers will intrinsically support them with their own carbon reporting and reduction journeys. This is likely to increase in the short term.</p>  | <p><u>Opportunities</u><br/> <b>Alternative business offerings</b><br/>           It is expected that carbon reporting requirements will likely intensify in the medium to long term. As such, Microlise will be able to identify additional ways it can utilise its business offerings to support commercial and industrial customers. Research and development into diversification <u>is</u> already embedded into the Microlise’s overall business strategy.</p>   |           |
| 4.   | Reputation            | <p><u>Risks</u><br/> <b>Negative reputation leading to loss of revenue</b><br/>           The need for organisations to demonstrate their climate change management practices has increased over the recent years. It is expected this demand will continue to rise over the short, medium, and long term. Organisations who fail to demonstrate how carbon reduction has been embedded into their business practices risk losing customers and revenue.</p> |  |           |
|      |                       | <p><u>Opportunities</u><br/> <b>Improve reputation leading to increases in revenue</b><br/>           Organisations who demonstrate proactive and transparent climate change and carbon management practices develop a competitive advantage. This could help attract new customers as well as secure existing work.</p>   |  |           |
| 5.   | People                | <p><u>Risks</u><br/> <b>Loss of staff</b><br/>           Employees and potential employees carefully consider the ethical and moral behaviours of organisations. Lack of or ineffective climate change and environmental management practices could potentially increase staff turnover as well as act as a</p>  | <p><u>Risks</u><br/> <b>Reduced employee catchment area</b><br/>           As fuel and transportation costs increase, commuting costs for Microlise’s staff will also rise. This could also potentially impact prospective employees i.e., when advertising for new roles Microlise may experience a reduction in the potential applicants and subsequent talent pool it can draw from due to a reduced commuting catchment area. However, this risk is considered low as Microlise has instigated working from home policies which also mitigates rising commuting costs as well as climate change impacts.</p> |           |

## Physical Climate Change Risk Summary Table

| Ref. | Climate Change Impact | Short-Term  | Medium-Term   | Long-Term |
|------|-----------------------|---|---|-----------|
| 6.   | Acute                 | <p><u>Risks</u></p> <p><b>Supply disruption</b><br/>As the impacts from climate change worsen, the risk of disruptive extreme weather events increases. These events could potentially disrupt Microlise's suppliers (e.g. data centre providers) and ultimately risk the continuity of service to its customers.</p>   | <p><u>Risks</u></p> <p><b>Supply / mitigation cost increase</b><br/>The likelihood of climate change acute weather events (e.g., extreme storms and flooding) is expected to increase in the medium to long term. This could disrupt suppliers and increase Microlise's mitigation costs to ensure high quality service is achieved. An example of this could be the utilisation of more data centres or investing in the development of bespoke data centres in order to protect against these types of climate change related weather events.</p> |           |
|      |                       | <p><u>Opportunities</u></p> <p><b>Attract new customers</b><br/>Central to Microlise's business strategy is its ability to adapt to meet customer needs and it is one of the reasons why it is considered a leader in telematic and technological transport solutions for fleet management. This includes being able to mitigate the impacts of acute climate change weather events. This ability should attract new customers.</p> | <p><u>Opportunities</u></p> <p><b>Access to additional market through product diversification</b><br/>As acute climate change related weather events intensify over the medium to long term, it is expected that Microlise will continue to develop and diversify its business offerings. This will ensure customer needs are met as well as open alternative commercial and industrial markets to access.</p>  |           |

| Ref. | Climate Change Impact | Short-Term  | Medium-Term | Long-Term |
|------|-----------------------|---|-------------|-----------|
| 7.   | Chronic               | <p><u>Risks</u></p> <p><b>Supplier disruptions</b><br/>Increases in extreme seasonal variance in temperature and weather conditions due to climate change is expected in the short, medium, and long term. These impacts will likely put additional strain on data centres, which are crucial to Microlise's business offering. As such the HVAC operating costs of these facilities is expected to rise as more energy would potentially be utilised to ensure stable environmental conditions are achieved.</p> |             |           |
|      |                       | <p><u>Opportunities</u></p> <p><b>Product development and market diversification</b><br/>Chronic climate change impacts provide similar opportunities to those identified in the acute climate change section above. These changing conditions will encourage Microlise to develop different products, allowing them access to alternative markets. This ultimately will help them to increase and protect revenue streams.</p>   |             |           |

## b. Impact of climate-related risks and opportunities on business, strategy, and financial planning

The impacts of the previously identified risks and opportunities throughout Microlise’s business have been summarised in the following table. This demonstrates how climate change is impacting Microlise’s business, strategy, and financial planning.

| Business / Strategy Area             | Impacts on businesses, strategy, and financial planning   | Related Climate Change Impact Ref.   |
|--------------------------------------|---|--|
| Products and Services                | <p>Microlise’s main offering captures and records necessary information needed for its customers to gain a better understanding of their individual carbon footprints. As carbon reporting requirements increase, there is potential to see a rise in customers utilising Microlise’s products and services. A good example of this is how Microlise’s transport solutions includes capturing and reporting fuel consumption as well as driver behaviour information. This can be used by its customers to develop strategies and implement targets and objectives to reduce their own carbon emissions.</p> <p>Research and development will be impacted the most by this climate change issue. This is to ensure that products and services remain “best in class” whilst still being competitively priced.</p> | <p>1. Policy and Legal</p> <p>2. Technology</p>  |
| Supply Chain / Value Chain           | <p>Key stakeholders who have a specific interest in climate change related matters include:</p> <ol style="list-style-type: none"> <li>1. Customers</li> <li>2. Employees</li> <li>3. Suppliers</li> <li>4. Shareholders</li> <li>5. Local community</li> </ol> <p>These core stakeholders have their own climate change related requirements, for example, customers and employees will expect transparent and effective carbon emission management strategies from Microlise. To ensure the needs of these core stakeholders and others are fully understood, Microlise established a cross divisional subcommittee which meets quarterly. The output from these meetings is reported to the Board as appropriate and ensures alignment of the Microlise’s strategy with stakeholder climate change needs.</p>  | <p>3. Market</p> <p>4. Reputation</p> <p>5. People</p> <p>6. Acute</p> <p>7. Chronic</p> |
| Adaptation and Mitigation Activities | <p>Microlise’s scope 1 and 2 carbon emissions directly relate to the operation of its facilities and assets. Ensuring that these are used efficiently is key to Microlise achieving its challenging carbon net zero target by 2030. A key strategic decision made in 2024 was to appoint a Lead ESOS auditor well in advance of the ESOS regulatory compliance deadline of 5<sup>th</sup> December 2027. It will undertake a detailed energy audit of key facilities in 2025 to identify additional ways energy efficiency can be improved.</p> <p>Microlise is currently in the process of upgrading its company vehicle fleet with more energy efficient hybrid types. By Quarter 2 in 2025, circa 40 hybrid vans will be operational.</p>  | <p>1. Policy and Legal</p> <p>2. Technology</p> <p>6. Acute</p> <p>7. Chronic</p>        |

| Business / Strategy Area               | Impacts on businesses, strategy, and financial planning   | Related Climate Change Impact Ref.  |
|--|---|---|
| Investment in Research and Development | <p>Microlise specialises in telematics, fleet management, and supply chain management solutions. Its products are designed to help organisations improve the efficiency and effectiveness of their transport operations. The suite of products and services offered to customers rely on hardware and software solutions. As such, a key aspect of Microlise’s business strategy is research and development to fully utilise technological advancements. This is a continual process and ensures customer needs and expectations are fully met.</p> <p>As specified in the previous year’s Climate-related Financial Disclosures, Microlise has continued to explore possible solutions which require less additional hardware. This shift to a more software-based solution will reduce the carbon emissions associate with the manufacturing, installation, and maintenance of hardware, thus reducing Microlise’s Scope 1, 2 and 3 carbon emissions.</p>  | <p>1. Policy and Legal</p> <p>2. Technology</p> <p>3. Market</p>              |
| Operations                             | <p>As mentioned within the Adaptation and Mitigation Activities section above, Microlise’s Scope 1 and 2 carbon emissions are directly linked to the operation of its facilities and assets. The following summarise key examples of how climate change has impacted Microlise:</p> <ol style="list-style-type: none"> <li><b>Facility use optimisation</b> – Through the updated working from home policies, the energy efficiency of Microlise’s facilities has improved over 2024. In addition, Microlise has made the decision to undertake ESOS energy audits before the compliance deadline of 5<sup>th</sup> December 2027. The output of these audits will help Microlise to continue to improve the efficiency of its facilities and assets.</li> <li><b>Transportation fleet upgrade</b> – Microlise are in the process of upgrading its transport fleet with more energy efficiency types. By the second quarter of 2025 circa 40 will be replaced with hybrid equivalents.</li> </ol> <p>In addition to the above, Microlise began capturing and assessing its Scope 3 carbon emissions. This broadening of its current carbon footprint will help identify additional opportunities to improve its climate change impact. The results of the Scope 3 carbon footprint calculation will be included within next year’s Climate-related Financial Disclosures.</p> | <p>1. Policy and Legal</p> <p>5. People</p> <p>6. Acute</p> <p>7. Chronic</p> |
| Acquisitions and Divestments           | <p>Climate change is included in the consideration process for all major acquisitions and divestments Microlise makes. In January 2024, Microlise successfully acquired Enterprise Software Systems Limited. This enhanced Microlise’s order management solutions which includes fleet logistics, operators, resource and transport costing, subcontractor management and invoicing solutions.</p>  | <p>2. Technology</p> <p>3. Market</p> <p>4. Reputation</p> <p>5. People</p>   |

| <b>Business / Strategy Area</b> | <b>Impacts on businesses, strategy, and financial planning</b>  | <b>Related Climate Change Impact Ref.</b>                      |
|---------------------------------|---|--|
|                                 | <p>Microlise has also embedded energy efficiency considerations into its facilities and assets purchasing processes. This ensures that any new offices and/or vehicles operational carbon emissions are reduced where practicable.</p>  | <p>6. Acute<br/>7. Chronic</p>                                 |
| <p>Access to Capital</p>        | <p>Access to capital based on improving an organisations climate change impact remains limited. Similar to last year, certain banks are offering preferential rates to businesses if they are able to demonstrate good Environmental, Social and Governance (ESG) management strategies. It is likely as climate change impacts worsen, that more governmental schemes and grants will become available.</p> <p>Other financial support currently available are Energy Performance Contracts. These finance mechanisms are based on the expected energy savings generated from approved energy efficiency opportunities. A proportion of the savings generated will cover the cost of the implemented solution.</p> | <p>2. Technology<br/>5. People<br/>6. Acute<br/>7. Chronic</p> |

This review ensures that Microlise can respond quickly to developing climate change risks as well as ensuring current management practices are achieving the desired emissions reductions.

Microlise’s new cross divisional sub-committee is dedicated to supporting with relevant sustainability and environmental management matters. They plan to meet at least quarterly to progress the sustainability strategy, improve environmental practices, review carbon emissions (Scopes 1 and 2) and discuss any potential climate change risks Microlise may need to focus on. The outputs from these quarterly meetings will be presented to the SLT and the Board. As the first Green sub-committee meeting occurred in Quarter 4 of 2024, the outputs from these meetings will be discussed and reviewed in 2025 and included in next year’s report.

Microlise has enhanced its current risk quantification process. All risks are still given a rating between 1 (low) and 5 (High) for both probability of occurrence and potential impact. These two rating are then multiplied with each other to give an overall risk rating. A risk that scores 10 or higher is prioritised and appropriate mitigation measures are identified and implemented. Following the proposed mitigation measures, risks are reassessed against probability of occurrence and potential impact to determine the residual risk rating.

For specific climate change related risks, the residual risk ratings are used to determine the potential impact climate change could have on revenue. This is done by reassessing the potential impact of climate change risks from very low to very high in the short, medium, and long term and applying an appropriate percentage impact factor against revenue. The findings of this climate change risk assessment have been incorporated into the overall corporate risk register.

The current impact of climate change on Microlise’s financial performance remains difficult to quantify due to the intrinsic climate change reduction nature of its main product offering. Microlise may potentially engage clients in the future to determine how influential climate change was in their buying behaviour.

Microlise has retained the London Stock Exchange Green Economy Mark which demonstrates that more than 50% of their revenue from products and services has been identified as contributing to the achievement of customers' environmental objectives.

Microlise is fully committed to achieving its Scope 1 and 2 Carbon Net Zero target by 2030. To achieve this, it has committed to / undertaken the following:

1. Undertaking ESOS Lead Assessor energy audits well before the compliance deadline of 7th December 2027. The additional energy saving opportunities identified will fully support Microlise in reducing its Scope 1 and 2 carbon footprint.
2. Begun the data collection needed for its Scope 3 carbon emission calculations. This assessment will help Microlise expand its carbon footprint and enhance its climate change management strategies.
3. The continued implementation of the ISO 45001 and 14001 management systems. This is enhancing Microlise's risk management practices.

### **Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

Microlise repeated its scenario analysis in 2024, using the International Panel on Climate Change Assessment Report 6 (IPCC AR6). IPCC AR6 provides detailed global socio-economic and climate summaries in the near (to 2040), medium (2041 to 2060) and long (2081 to 2100) term for the following five scenarios:

**SSP1: Sustainability (Taking the Green Road)** – A world focused on sustainability, strong international co-operation, low population growth and technological growth focusing on reducing greenhouse gas emissions.

**SSP2: Middle of the Road** – Overall carbon emissions stay in line with historical trends. This leads to moderate levels of greenhouse gas emissions.

**SSP3: Regional Rivalry (A Rocky Road)** – High population growth, regional conflicts, and low technological development. As a result, there are high levels of greenhouse gas emissions and substantial climate change impacts.

**SSP 4: Inequality (A Road Divided)** – Increased inequality, imbalance in development leading to mixed levels of greenhouse gas emissions.

**SSP5: Fossil-fueled Development (Taking the Highway)** – Overall rapid growth is based on fossil fuel leading to very high levels of greenhouse gas emissions.

Out of the possible scenarios above, Microlise chose to carry out a qualitative scenario analysis based on three (SSP1, SSP3 and SSP5) over the short, medium, and long term. This is an expansion to its 2023 scenario analysis which only focused on SSP1 and SSP3 over the short and medium terms.

The IPCC AR6 model was chosen as the basis of Microlise's scenario analysis as it provides very detailed summaries of the environmental and socio-economic conditions in the main countries it operates, namely the UK, Australia, New Zealand, France, and India. This provides information needed to understand how Microlise would need to mitigate and/or adapt in each scenario.

**A summary of the key findings has been presented in the following three tables:**

## SSP1: Sustainability [Taking the Green Road]

| Term                   | Key 2024 SSP1 Scenario Analysis Impacts   | Potential Adaptation and Mitigation Measures  |
|------------------------|---|---|
| Near-Term<br>(to 2040) | <p><b>Supply Impact</b><br/>Acute climate change weather events could cause supply disruptions increasing the overall cost of importing goods and services.</p> <p><b>Technology / Offering Impact</b><br/>Current hardware solutions may need to be redesigned to cope with acute and chronic climate change impacts e.g., increased temperature extremes and storms may reduce the longevity of the equipment.</p> <p><b>Staff Impact</b><br/>Climate change weather events could potentially disrupt sites operation e.g., fluvial / surface water flooding could prevent staff from attending central locations.</p> <p><b>Data Centre Impacts</b><br/>Data centres could potentially be impacted by increased energy costs from energy suppliers and increased energy usage from HVAC systems having to cope with increased seasonal extreme temperatures.</p> <p><b>Increased Carbon Taxes</b><br/>Climate change related taxes, levies and prices will likely increase in the near-term to encourage organisations to reduce carbon emissions. This has the potential to impact the majority of Microlise’s value chain.</p> <p><b>Expanded Carbon Footprint</b><br/>It is likely that a complete carbon footprint (Scope 1, 2 and 3) and appropriate management strategies would be needed to</p> | <p><b><u>Adaptation Measures</u></b></p> <p>Increased need to source local suppliers or develop less hardware dependant offerings. This will require investment and investigation.</p> <p>Change of staff working patterns to include hybrid working at home and the office. This measure is already implemented within Microlise.</p> <p>Some suppliers will likely increase their costs to compensate for the rise in climate change costs. Microlise will need to improve its resource efficiency or potentially develop less supplier dependant offerings.</p> <p>Further engagement with suppliers needed to support with Scope 3 carbon emissions calculations. Carbon reduction strategies will need to be developed further to account for these indirect emissions.</p> <p><b><u>Mitigation Measures</u></b></p> <p>Increased research and development into alternative products / enhancement of existing hardware solutions.</p> <p>Exploration of viability of renewable energy generation technologies at each Microlise site.</p> |

| Term                               | Key 2024 SSPI Scenario Analysis Impacts   | Potential Adaptation and Mitigation Measures   |
|------------------------------------|---|--|
|                                    | demonstrate how Microlise is going to achieve carbon reductions.  | Implement energy saving measures to reduce the amount of energy consumed at Microlise's sites.   |
| Medium-Term<br>(from 2041 to 2060) | <p>All the identified near-term risks will likely still be relevant in the medium-term. In addition to the following:</p> <p><b>Reputation Risk / Opportunity</b><br/>Customers are increasingly prioritising organisations that demonstrate good climate change management practices. Those who achieve significant carbon reductions are likely to attract more customers and increase their revenue streams.</p> <p><b>Increased Disruption to Supply Chain</b><br/>Climate change impacts are expected to worsen and then stabilise. This would likely cause increased disruptions to the supply chain e.g. data centres may not be able to maintain the needed working environment for servers.</p> <p><b>Carbon Net Zero Mandatory Requirements</b><br/>It is likely that Carbon Net Zero becomes a mandatory requirement for organisations either through regulatory or commercial measures.</p> | <p><b>Adaptation Measures</b></p> <p>Carbon measurement and reporting will become a mandatory requirement for most organisations. This will likely include reporting against carbon net zero targets.</p> <p>More local suppliers will likely need to be sourced.</p> <p><b>Mitigation Measures</b></p> <p>Renewable energy generation will become an increased priority for most organisations. It is likely that due to increased demand and focus on renewable technology, renewable installations will improve in efficiency and affordability. Microlise will likely need to incorporate renewable technology at most of its sites.</p> |
| Long-Term<br>(From 2081 to 2100)   | <p>All the identified near and medium-term risks will likely still be relevant in the long-term. In addition to the following:</p> <p><b>Stabilisation of Environmental Conditions</b><br/>The impacts from climate change will stabilise likely leading to the stabilisation of product offerings. This will lead to improvements in business forecasting and planning.</p> <p><b>Global focus on maintaining Environmental Conditions</b><br/>The markets will likely be centred on green technology ensuring that carbon emissions are continually maintained and kept to a minimum. Microlise's current offering would likely thrive in these evolved marketing conditions.</p> <p><b>Cost Stabilisation</b><br/>Energy and supplier costs will likely stabilise as global markets shift to respond to a more collaborative and sustainable demands.</p>  | <p><b>Adaptation Measures</b><br/>Microlise's offering will likely be expand into other industries capturing energy and carbon data from a variety of different energy consuming equipment, plant, and vehicles.</p> <p><b>Mitigation Measures</b><br/>Renewable technology will likely improve in efficiency and affordability. Renewable technology will likely be heavily used in national energy grids and be incorporated into most suitable buildings and vehicles. Microlise will need to maintain each renewable technology installation and upgrade them as appropriate.</p>  |

## SSP3: Regional Rivalry [A Rocky Road]

| Term                | Key 2024 SSP3 Scenario Analysis Outcomes  | Potential Adaptation and Mitigation Measures   |
|---------------------|---|--|
| Near-Term (to 2040) | <p><b>Health Issues</b><br/>Carbon emissions and pollution will likely increase within the near-term which will negatively impact the health of key stakeholders including staff and customers. The severity of the health impact is likely to be low in the near-term, however it will potentially worsen into the medium and long term. This would be seen in staff absenteeism and reduction in productivity.</p> <p><b>Recruitment Disruption</b><br/>Climate related extreme weather events will likely increase in intensity causing disruptions to transport networks. This could potentially reduce the catchment area around Microlise’s site for recruitment.</p> <p><b>Supplier Impacts</b><br/>Supply routes could potentially be impacted by severe climate change related weather events. E.g., data centres could be negatively impacted by fluvial / coastal flooding depending on their location.</p> <p><b>Mixed climate change related regulations</b><br/>Climate change is being managed locally with limited international cooperation. Climate change regulations will likely be implemented in some of the countries Microlise operates.</p> <p><b>Price fluctuations leading to reduced demand</b><br/>Regional rivalry will likely lead to price fluctuations. This uncertainty could cause disruption to revenue generation and product offerings.</p> | <p><b>Adaptation Measures</b><br/>Microlise will potentially need to develop alternative working patterns to allow for flexibility and to reduce staff’s exposure to highly polluted areas. It has begun this process by the adoption of remote working.</p> <p>Sourcing local suppliers will become increasingly important to offset the risk from potential climate change event disruptions. This will likely increase costs as it would limit the number of suppliers Microlise could potentially contract.</p> <p>Climate change related regulations could be different in each country Microlise operates. This would potentially increase costs as more legal support would be needed to comply with the differing climate change regulations.</p> <p>Product research and development would need to be enhanced to adapt to price fluctuations. This would ensure Microlise’s offering fully supports the markets it operates in, reducing the potential risk on annual revenue.</p> <p>Increase stakeholder engagement would be needed to offset potential climate change risks and to fully understand customer needs and expectations. i.e., climate change needs will differ significantly from region to region and therefore Microlise’s offering would need to be adapted to ensure success within the markets it operates.</p> <p><b>Mitigation Measures</b></p> |

| Term                                       | Key 2024 SSP3 Scenario Analysis Outcomes  | Potential Adaptation and Mitigation Measures  |
|--|---|---|
|  |   | <p>Microlise could potentially invest in Local renewable energy projects in order to guarantee energy security within the regions it operates.</p> <p>Efficiency improvements in product development and site operations would also likely increase to further secure energy in the areas Microlise operates.</p>   |
| <p>Medium-Term<br/>(from 2041 to 2060)</p> | <p>All the identified near-term risks will likely still be relevant in the medium-term. In addition to the following:</p> <p><b>Increase costs</b><br/>Climate change impacts are likely to worsen in the medium term. This will increase Microlise’s operating costs e.g., sourcing local suppliers and/or increased costs from data centres (who are mitigating their own costs from increase energy spend)</p> <p><b>Health and illness impacts</b><br/>As carbon emissions and pollution increases, key stakeholder health could potentially deteriorate. This could increase staff absences and cause a negative impact on Microlise’s productivity.</p> <p><b>Energy disruption</b><br/>As extreme climate change weather events become more frequent, there is potential for energy security to become an issue in certain countries e.g., increases in power cuts could negatively impact data centres and other business operations.</p> <p><b>Redesign of Buildings</b><br/>Buildings would need to be refurbished or retrofitted to handle the increasing climate change impacts e.g., increase fluvial / surface water flooding defences.</p> | <p><b><u>Adaptation Measures</u></b></p> <p>As climate change impacts increase, the pool of local suppliers Microlise could contract to support its business will likely decrease. This increases costs.</p> <p>Microlise would need to redesign or relocate its operations to adapt to the worsening climate conditions e.g., moving away from areas where fluvial flood risks are increasing or installing flood defences in existing facilities to adapt to increased surface water flooding.</p> <p><b><u>Mitigation Measures</u></b></p> <p>Microlise would likely need to continue developing local renewable generation projects. However, it is expected that renewable technology will likely slowly develop, the efficiency of the projects is expected to be less than SSP 1.</p> <p>Alternative energy supplies would also likely be needed to ensure energy security. This could include onsite generators using traditional diesel.</p> |

| Term                                     | Key 2024 SSP3 Scenario Analysis Outcomes  | Potential Adaptation and Mitigation Measures   |
|--|---|--|
| <p>Long-Term<br/>(From 2081 to 2100)</p> | <p>All the identified near and medium-term risks will likely still be relevant in the long-term. In addition to the following:</p> <p><b>Economic differences</b><br/>Regional differences and slow technological development will cause economic disparities, resulting in some regions struggling to adapt to climate change. This could impact some of the countries which Microlise will be operating out of.</p> <p><b>Ecosystem degradation</b><br/>Higher global temperatures will cause the loss of ecosystems and consequentially the services which they provide. This could impact the local communities surrounding Microlise’s sites.</p> <p><b>Human health impacts</b><br/>Higher Global temperatures and increased carbon emissions pose a significant risk to human health due to increased spread of diseases. Microlise may not be able to operate in the same fashion in the long-term.</p> | <p><b><u>Adaptation Measures</u></b></p> <p>The markets Microlise will be able to target could potentially reduce. Therefore, it will need to adapt its business offering in order to remain successful.</p> <p>To offset ecosystem losses, Microlise may need to invest in the local communities it operates, providing additional relief where practical.</p> <p><b><u>Mitigation Measures</u></b></p> <p>Microlise would potentially increase the amount of local renewable technology projects it is supporting. As development of technology is slow, the efficiency of these types of measures is likely to be considered limited.</p> |

## SSP5: Fossil-fueled Development (Taking the Highway)

| Term                               | Key 2024 SSP5 Scenario Analysis Outcomes   | Potential Adaptation and Mitigation Measures  |
|------------------------------------|--|---|
| Near-Term<br>(to 2040)             | <p><b>Economic growth</b><br/>Fossil fuel technology growth support Microlise’s business offering, which focuses on supporting these industries e.g., transport planning support. As such it is expected that Microlise will experience good economic growth in the near-term.</p> <p><b>Disruption to transport networks / Site access</b><br/>Increase in transportation utilising fossil fuels will likely lead to transport network disruptions e.g., increased traffic congestion. This could potentially reduce / restrict access to Microlise’s sites increasing staff commuting times.</p> <p><b>Health issues</b><br/>Increased pollution from a rise in fossil fuel use will lead to potential health issues for key stakeholders such as staff and customers.</p> <p><b>Fossil fuel price increase</b><br/>Fossil fuel demand will increase, and as this resource is finite, prices are likely to increase. These costs will be experienced throughout Microlise’s value chain.</p> | <p><b><u>Adaptation Measures</u></b><br/>Microlise will likely look at reducing hardware-based offerings in preference of software only solutions. This will reduce the dependence on suppliers.</p> <p>Alternative working patterns would potentially be needed to adapt to the increased pollution. Microlise has already implemented a working from home policy which could be potentially developed as the needs of the business change.</p> <p><b><u>Mitigation Measures</u></b><br/>Carbon emission and energy reduction efforts will continue; however, it is likely that cost savings will increase in importance for these types of projects.</p>  |
| Medium-Term<br>(from 2041 to 2060) | <p>All the identified near-term risks will likely still be relevant in the medium-term. In addition to the following:</p> <p><b>Carbon reduction linked to economic reasons</b><br/>Known fossil fuel sources will likely start decreasing in output in the medium-term. Fossil fuel prices will likely increase in response to this reduction.</p> <p><b>Increased disruption to supply routes</b><br/>Increased fossil fuel-based technology will result in rises in climate change related impacts. With more vehicles utilising transportation networks and increases in potential disruptive events (flooding), access to sites (customers and Microlise) will become increasingly difficult. This could disrupt Microlise’s business operations.</p> <p><b>Increased health issues</b><br/>Pollution is expected to rise significantly in the medium-term due to increased fossil fuel use. This will have an increased negative</p>   | <p><b><u>Adaptation Measures</u></b><br/>Microlise’s sites would need to be reviewed periodically to determine the potential impact from climate change risks. Based on the findings, these sites would either need to be redeveloped or relocated to reduce potential disruption to site operations.</p> <p>Working patterns of Microlise staff will need to be reviewed and potentially adjusted to compensate for new environmental conditions. This could potentially include shifting of core office hours and expanding the remote working from home policies.</p> <p>Microlise’s business offering would likely need to adapt to new market demands and climate conditions. This would result in increased research and development to ensure that Microlise’s offerings meet customer needs and expectations.</p> |

| Term                             | Key 2024 SSP5 Scenario Analysis Outcomes   | Potential Adaptation and Mitigation Measures  |
|----------------------------------|--|---|
|                                  | <p>impact on human health. This could result in a rise in staff absenteeism.</p> <p><b>Technological advancement focused on fossil fuels rather than renewable energy</b><br/>Renewable technological advancement is expected to decline in the medium-term. Energy production will likely be based on fossil fuel sources e.g., natural gas / diesel. This would reduce the impact of potential renewable generation mitigation measures.</p> <p><b>Energy security</b><br/>As fossil fuel availability begins to decrease, the energy supply security increases. This combined with climate change extreme weather events will increase the likelihood of power cuts / disruptions. This could potentially impact Microlise’s productivity.</p>  | <p><b>Mitigation Measures</b><br/>As energy security becomes more of a potential issue, Microlise would need to invest in alternative energy generation technology. Renewable technology development is expected to be limited and therefore energy security will likely be through onsite generation using fossil fuels e.g., diesel backup generators.</p>  |
| Long-Term<br>(From 2081 to 2100) | <p>All the identified near and medium-term risks will likely still be relevant in the long-term. In addition to the following:</p> <p><b>Increased global temperatures</b><br/>Global temperature increases are expected to exceed 5°C by 2100. New conditions will likely increase climate change related events e.g., increases in storm frequency and intensity. This would cause significant disruption to access to site and its operations.</p> <p><b>Sea level rises</b><br/>Some countries will be significantly impacted by sea level rises. This could potentially impact Microlise’s operations in India.</p> <p><b>Ecosystem degradation</b><br/>Global ecosystems are negatively impacted by increased temperatures and pollution. This could lead to food and resource scarcity, negatively impacting certain regions more than others.</p> <p><b>Health issues</b><br/>Pollution levels become increasingly significant, affecting ecosystems and human health. This will impact all Microlise’s value chain making it difficult for people to travel.</p> <p><b>Resource depletion</b><br/>Excessive fossil fuel usage has led to a significant depletion in this finite resource. It is likely that fuel scarcity will have significant</p> | <p><b>Adaptation Measures</b><br/>Remote working is likely be an approved working pattern with limited office working and travel.</p> <p>Microlise’s offering will likely be more software than hardware based to accommodate climate conditions.</p> <p>Microlise would likely have to relocate some of its sites to accommodate environmental changes. E.g., India operations would likely need to be relocated due to sea level rises.</p> <p><b>Mitigation Measures</b><br/>Energy security becomes a significant risk, with limited fuel resources causing energy prices increase. Microlise would need to look at implementing solutions to ensure energy security at its sites. This would likely include the utilisation of renewable technology.</p> |

| Term | Key 2024 SSP5 Scenario Analysis Outcomes  | Potential Adaptation and Mitigation Measures |
|------|---|--|
|      | impact on worldwide economies, making it difficult for organisations to mitigate increasing energy costs. |  |

## Risk Management

### a. The processes for identifying and assessing climate-related risks

Climate change risks are summarised within the overall corporate risk register. Their management has been enhanced through the development of Microlise’s Environmental Management System, which is expected to be fully aligned with the ISO 14001:2015 standard in 2025.

#### Climate change risks are identified through a variety of means including:

- An annual scenario analysis using the International Panel on Climate Change Assessment Report 6 (IPCC AR6)
- The finding from the recently formed cross divisional sub-committee
- Interactions with key stakeholders including customers, shareholders and external specialists
- Attendance at various conferences

The finding from the above are presented and reviewed at the monthly SLT meetings and incorporate relevant risks into the environmental management system and corporate risk registers. These are then present to the Board during its quarterly review of the corporate risk register. Appropriate mitigation and adaptation strategies are discussed and developed during these meetings. These are then presented to the SLT for implementation across the business.

Climate change regulations (existing and emerging) are identified as part of Microlise’s corporate risk management process. An example is the UK ESOS regulations which have recently been updated and now includes annual action plan and progress update submissions to the Environment Agency. The compliance requirements for climate change related regulations are discussed during the quarterly board meetings. This ensure appropriate internal and/or external resources are identified and appropriate plans are developed to ensure full compliance. The success of this current system can be seen with the continual compliance with relevant climate change regulations.

Climate change risks are initially assessed on probability of occurrence and potential impact, each being given a scores of 1 (low) and 5 (high). These scores are then multiplied together to determine an overall risk rating with 1 being the lowest and 25 being the highest possible ratings. Mitigation measures are then identified, and the risks are reassessed following consideration of these proposed actions. This then generates a residual risk rating to ensure that the appropriate mitigation measures appropriately address climate change risks. In 2024, this assessment was expanded to include a high-level quantification of the potential impact these risks will have over Microlise’s defined short, medium and long terms.

**b. The processes for managing climate-related risks**

| Climate Change Issue Category | Process for managing Climate Change Risk   |
|-------------------------------|--|
| Policy and Legal              | <p>Identified climate policy and legal issues, as they relate to Microlise and its key stakeholders, are assessed to determine requirements and when compliance is needed. This process includes determining internal and external resource requirements e.g., ESOS compliance will require Lead Assessor support.</p> <p>An appropriate compliance action plan is then developed and implemented. This is managed through the developing environmental management system, which is due to be fully aligned with the ISO 14001:2015 standard in 2025. Following implementation of the action plan, an assessment is then carried out to ensure compliance has been achieved.</p>   |
| Technology                    | <p>Technology remains at the heart of Microlise’s business offering. As identified through the quantitative scenario analysis and through engagement with various value chain members, climate change has the potential to impact Microlise’s offering in a variety of ways. To ensure that Microlise has appropriate management strategies in place, it regularly engages customers through its Product Strategy and Customer Success Teams. The findings from this engagement are raised in SLT monthly meeting and into the overall corporate risk register as appropriate.</p> <p>These findings are also shared with the product development team to help them determine ways in which Microlise’s offering could be enhanced, improved, and adapted.</p>   |
| Market                        | <p>Microlise’s main offering supports its customers with their own climate change management strategies by helping them improve fleet and asset management. As climate change becomes increasingly more important it is likely that Microlise’s unique business offering will become even more relevant to organisations. As stated previously within the Climate-related Financial Disclosures, Microlise has been recognised for this by retaining the London Stock Exchange Green Economy Mark where more than 50% of Microlise’s revenue is from products and services have been identified as contributing to the achievement of customers’ environmental objectives.</p> <p>Microlise intends to maintain this market position by:</p> <ol style="list-style-type: none"> <li>1. Expanding current carbon calculation to include Scope 3 carbon emissions.</li> <li>2. Developing its environmental management systems to align with ISO 14001:2015 which is due to be completed in 2025.</li> <li>3. Undertaking ESOS Phase 4 energy audits well before the compliance deadline of 5 December 2027 to help identify additional ways it can reduce energy and carbon emissions.</li> <li>4. Working towards achieving its Scope 1 and 2 Carbon Net Zero Targets</li> </ol> |

| Climate Change Issue Category | Process for managing Climate Change Risk  |
|-------------------------------|---|
| Reputation                    | <p>Similar to the Market section above, Microlise aims to maintain its reputation as an organisation helping its customers with resource and energy efficiency. This is achieved through customer engagement to not only ascertain how Microlise is currently performing, but also to identify additional needs which it might be able to support them with. This focus on improving customers “green credentials” will continue to enhance Microlise’s own.</p> <p>Microlise also has a quality management system that fully aligns with ISO 9001:2015. This ensures a robust framework is in place to help them efficiently engage customers, ensuring that its products and services achieve a high level of quality.</p>  |
| Acute                         | <p>Based on the identified corporate risk register, Microlise continually develops its business continuity plan. It details the procedures and processes Microlise utilises to adapt / mitigate potential acute climate related impacts. A key example is how it addresses potential disruptions to data centres from power cuts and potential flooding. Plans and procedures have been developed so when an event like this occurs alternative data centres located elsewhere are utilised to ensure limited/ no disruption to customer services.</p> <p>Customers can also utilise Microlise’s services to reduce the potential impact they experience from acute climate change weather events. A good example is how Microlise’s offering can help customer navigate affected transport networks, reducing traffic congestion, fuel consumption and ultimately climate change impact.</p>                           |
| Chronic                       | <p>Chronic or long last climate change impacts will likely have the greatest impact on Microlise’s daily operations. For example, climate change will likely cause seasonal temperature extremes to increase putting additional strain on existing heating ventilation and air conditioning systems (HVAC). This will likely increase energy consumption as well as mechanical strain on HVAC plant and equipment.</p> <p>To offset these issues, Microlise undertakes a variety of strategies to make sure that energy efficiency is improved. These include:</p> <ul style="list-style-type: none"> <li>▪ <b>Utilisation of renewable technology</b> - A solar PV system was installed at the Microlise head office in 2023 and expanded in 2024.</li> <li>▪ <b>Undertaking of energy audits</b> - ESOS Phase 4 audits have been planned for 2025, well before the compliance deadline of 5 December 2027.</li> </ul> |

### c. How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management

**Microlise identify, assess, and manage climate change related risks using the following process:**

1. Identification of climate change risks through an annual qualitative scenario analysis carried out with key members of the SLT, through the newly formed cross divisional sub-committee and a variety of external and internal sources including engagement with customers, employees, and external specialists.
2. Relevant climate change risks are reviewed by the SLT in its monthly meeting . These as assessed to determine overall significance and incorporated into the corporate and environmental management risk registers. Appropriate mitigation / adaptation strategies are also planned.
3. Climate change risks are assessed against probability and potential impact. The risk rating is then calculated with 1 being the lowest and 25 being the highest. All appropriate mitigation / adaptation actions are then considered, and a residual risk rating is then calculated. The potential impact of climate change risks on revenue is then calculated over the short, medium and long-term using the residual risk rating.
4. The CEO and CFO (who lead the SLT) present relevant climate change risks at least quarterly to the Board. The planned actions to mitigate / adapt to these climate change risks are then reviewed and adjusted if needed.
5. These approved mitigation/adaptation measures are reported back to the SLT who then implement as appropriate. All successes, challenges and progress are then reported back to the CEO and CFO during the monthly SLT meetings.
6. The Board will then review the progress against each climate change mitigation / adaptation measure to ensure they are appropriate and have achieved the desired outcome. These measures are then adapted as appropriate.

## Metrics and Targets

### a. The metrics used to assess climate-related risks and opportunities in line with strategy and the risk management process

Microlise continues to utilise intensity metrics to help monitor its climate change impact and to improve carbon management. In FY 2024, the metric was changed from Full Time Equivalent (FTE) to Average Number of Employees. This strategic reporting decision was made as Average Number of Employees was understood to be a more representative variable to compare with carbon emissions. The previous years (FY22 and FY23) metric analysis was repeated using this new variable. The following table presents the new metric findings.

| <b>Metric tonnes CO<sub>2</sub>e per average employee number</b> |                                     |              |                                      |   |
|--|-------------------------------------|--------------|--------------------------------------|---|
| <b>Scope</b>   | <b>FY22<br/>(Baseline<br/>Year)</b> | <b>FY23</b>  | <b>FY24<br/>(Reporting<br/>Year)</b> | <b>Reporting<br/>and Baseline<br/>Year<br/>Change (%)</b> |
| Scope 1  | 0.364                               | 0.382        | 0.411                                | +12.9%  |
| Scope 2<br>(Location Based)                                      | 0.453                               | 0.449        | 0.335                                | -26.0%  |
| Scope 3 - Grey Fleet<br>& Hire Car                               | 0.103                               | 0.137        | 0.118                                | +14.6%  |
| <b>Total</b>   | <b>0.920</b>                        | <b>0.968</b> | <b>0.864</b>                         | <b>-6.1%</b>  |

Microlise continued to grow in FY24, expanding its overall average number of employees by 90 (12.6%) when compared to FY23. This growth has increased travel carbon emissions annually, resulting in a 37.8% increase in the Scope 1 metric result when compared to the baseline year (FY22). However, this was offset by the reduction in Scope 2 (purchased electricity) carbon emissions by 10.0%. Collectively, Microlise is able to demonstrate a 6.1% reduction in its overall intensity metric when compared to the baseline year (FY22).

The above intensity metric is linked to the additional remuneration the SLT receives from achieving carbon emission reduction targets. This incentivised approach has led to innovation and helped Microlise achieve a significant reduction in Scope 2 carbon emissions in FY24. The analysis has also helped Microlise target other significant carbon emission sources. This can be seen by its commitment to replace its fleet with less carbon intensive hybrid type vehicles in 2025. As such it is expected that carbon emissions will continue to improve in future reporting.

Microlise has also maintained its Green Economy Mark awarded by the London Stock Exchange. This achievement is given to organisations who are able to demonstrate that at least 50% of their revenue is generated from products and services that contribute to climate change mitigation and adaptation.

## b. Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions and the related risks

Microlise continues to calculate its absolute Scope 1, 2, and part of Scope 3 greenhouse gas (GHG) emissions for their global operations. To ensure useful and representative annual comparability, the GHG Protocol Accounting and Reporting Standard and HM Government Environmental Reporting Guidelines methodologies continue to be utilised. The latest three years annual carbon reporting (FY22 to FY24) are shown below:

| GHG Emissions (tCO <sub>2</sub> e) |                               |                      |              |                       |  |
|------------------------------------|-------------------------------|----------------------|--------------|-----------------------|--|
| Scope                              | Sources                       | FY22 (Baseline Year) | FY23         | FY24 (Reporting Year) | Reporting and Baseline Year Change (%) |
| Scope 1                            | Natural Gas, Company Vehicles | 240.3                | 272.8        | 331.0                 | +37.8%                                 |
| Scope 2 (Location Based)           | Electricity                   | 299.7                | 321.1        | 269.5                 | -10.0%                                 |
| Scope 3                            | Grey Fleet, Hire Cars         | 67.8                 | 98.0         | 95.2                  | +40.4%                                 |
| <b>Total</b>                       |                               | <b>607.8</b>         | <b>691.9</b> | <b>695.7</b>          | <b>+14.5%</b>                          |

In 2024, Microlise began capturing the necessary information needed to calculate its full Scope 3 carbon emissions. It has the aim to have the initial Scope 3 annual baseline result by the end of 2025. Once this complete understanding of Microlise's overall carbon emissions is achieved, additional metrics and targets will likely be developed.

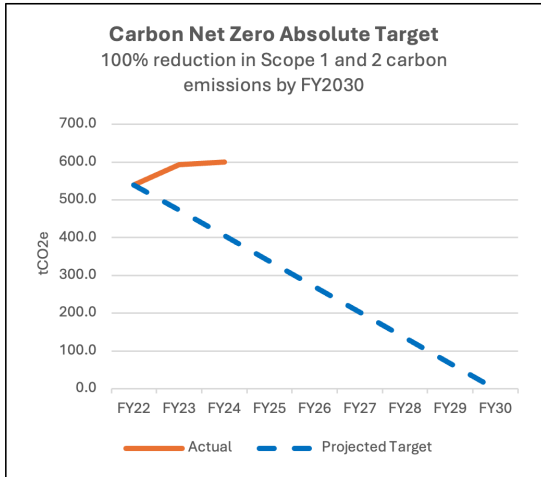
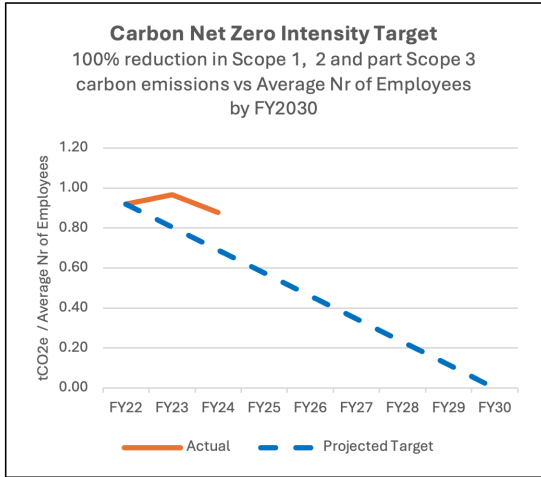
## c. Targets to manage climate-related risks and opportunities, and performance against targets

Microlise continues in its goal to achieve absolute Carbon Net Zero in Scope 1 and 2 carbon emissions by 2030. Its strategy to achieving this target is firstly reducing energy consumption through optimising, reducing energy wastage and careful investment in energy efficient equipment / technology. Following this, using renewable tariffs, and purchasing carbon offsets to reduce the remaining Scope 1 and 2 emissions.

In addition, Microlise continues to link a carbon intensity target with its Long-Term Investment Plan (LTIPs) where a proportion of the company's Performance Share Plan is dependent on the achievement relative Scope 1, 2 and 3 (Grey Fleet and Hire Car) reductions (tCO<sub>2</sub>e / Average Number of Employees).

The above targets help Microlise have a clear long-term vision of reducing its direct climate change impact and has incentivised senior leadership within the organisation to support with identifying and implementing energy reducing measures.

The 2024 results from these two targets have been summarised in the following tables and line graphs:



| Target Reference   | Carbon Net Zero ABI.  | Carbon Net Zero ITI.   |
|--|---|--|
| Type of target   | Absolute  | Intensity  |
| Target and Coverage  | 100% reduction of <b>Scope 1 and 2 emissions only</b> by 2030   | 100% reduction of Scope 1, 2 and part 3 (Grey Fleet & Hire Cars) compared to Average Nr of Employees by 2030 |
| Base year (FY22) result  | 540 tCO <sub>2</sub> e  | 0.920 tCO <sub>2</sub> e / Average Nr of Employees   |
| Reporting Year (FY24) result   | Scope 1 = 331.0 tCO <sub>2</sub> e<br>Scope 2 = 269.5 tCO <sub>2</sub> e<br><b>Total = 600.5 tCO<sub>2</sub>e</b> | 0.864 tCO <sub>2</sub> e / Average Nr of Employees   |
| Expected result in target year (FY30)  | 0 tCO <sub>2</sub> e  | 0 tCO <sub>2</sub> e / Average Nr of Employees   |
| <b>% of target reduction achieved to date by FY24, relative to base year</b> | <b>-11.2%</b>   | <b>6.1%</b>  |

Overall carbon emissions have stabilised between FY23 and FY24 showing little change (0.5%). As illustrated in the graph above this is not in line with our target set in 2022 but, this is a significant achievement as the business has increased in average number of employees by 12.6% and includes the carbon emissions from the acquired business, Enterprise Software Systems. Without Microlise’s efforts in reducing its building electricity carbon emissions (Scope 2) by 10.0% when compared to the baseline (FY22), then overall carbon emissions would likely have been significantly greater in FY24.

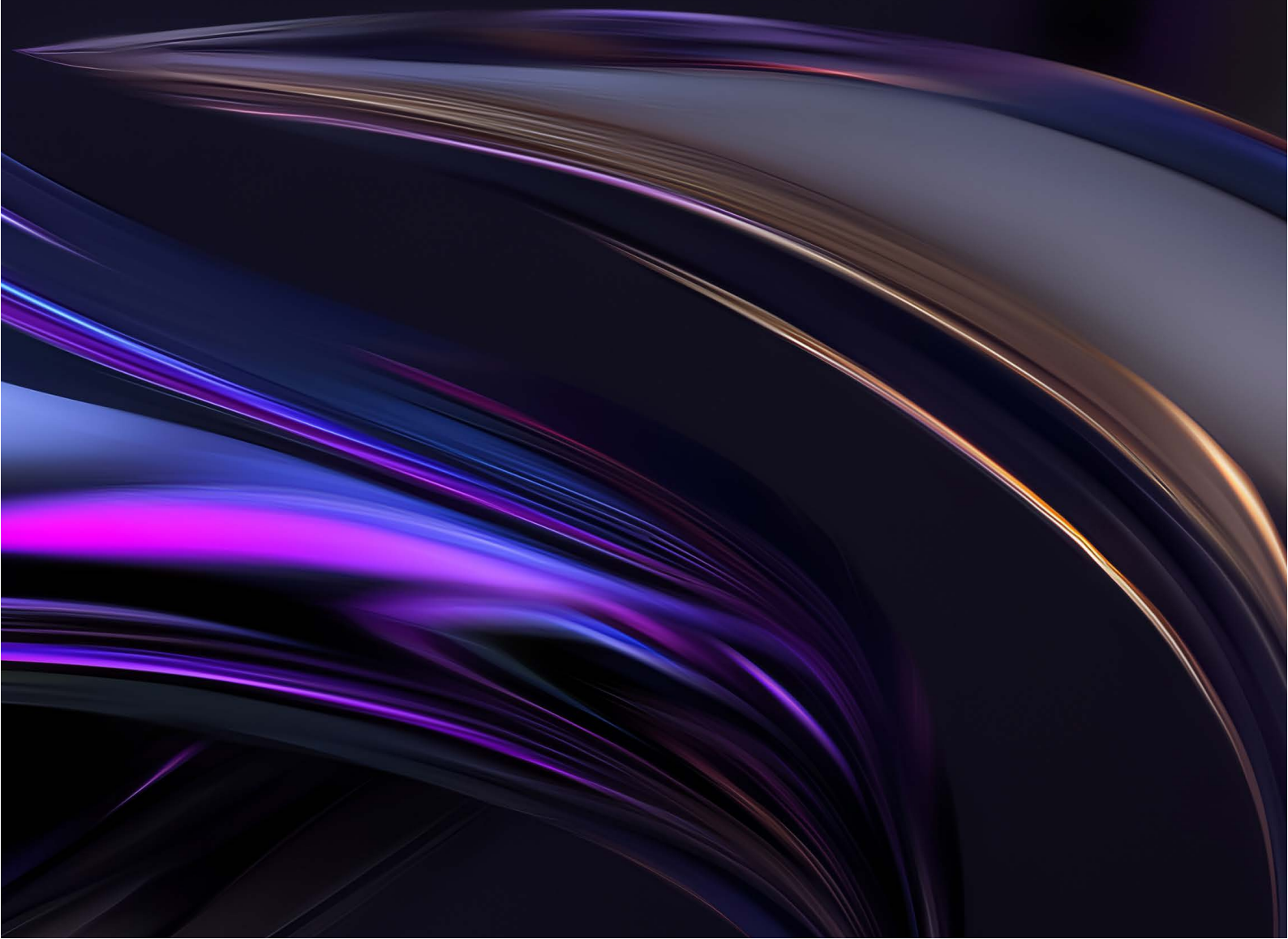
Travel requirements also substantially increased in FY24, resulting in overall Scope 1 carbon emissions increasing annually since FY22. Microlise is using these calculated emissions to target travel and implement ways to reduce its carbon emissions. This can be seen by its commitment to upgrade its existing fleet with less carbon intensive alternatives i.e., hybrid vehicles.

In 2025, Microlise is strengthening its commitment to ESG and carbon reduction by conducting a comprehensive Scope 3 emissions assessment alongside a detailed energy-saving audit of our facilities. These initiatives will provide critical insights, enabling us to identify and implement the most impactful actions to drive meaningful progress towards our sustainability goals and close the loop on our environmental plan.

APPROVAL

This Strategic Report was approved by the Board and signed on its behalf by:   
Nadeem Raza, Chief Executive Officer, Microlise Group 26 March 2025

# Managing & Governing



# Meet The Board



**Jon Lee**  
Non-Executive  
Chairman

Jon is currently Non-Executive Chairman of Essensys PLC & has extensive experience in running software businesses in the UK, US & 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 & a Chartered Management Accountant. Jon is also a founder of a venture capital fund, The Technology & Innovation Fund LP, focussed on the B2B software sector. Jon joined the Board of Microlise in April 2021.



**Nick Wightman**  
Chief Financial  
Officer

Nick joined Microlise in 2012 & joined the Board of Microlise as Chief Financial Officer in April 2023. Nick played a leading role in the Group's refinancing & reorganisation in 2018, its acquisition of TruTac in 2020, the IPO in 2021, acquisitions of Vita Software, Enterprise Software Systems and K-Safe in 2023 & in establishing the Group's offices in India, France & Australia. Prior to joining Microlise, Nick held senior financial roles at Ardagh Group, Bombardier Transportation, & Airfoil Technologies. Nick is a Chartered Management Accountant and has an ACCA Diploma in International Financial Reporting.



**Nadeem Raza**  
Chief Executive  
Officer

Nadeem has complete responsibility for the operational management & control of all Microlise business activities. During his 20-year career with Microlise, Nadeem has fulfilled various roles & gained experience across all areas of the business, including sales, system integration, marketing, operations & business computing.



**Constantino (Dino)  
Rocos**  
Non-Executive Director

Dino is Chairman of Segura Systems and a Fellow of the Chartered Institute of Logistics & 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 & fulfilment solutions. Dino joined the Board of Microlise in April 2021.



**Lucy Sharman-  
Munday**  
Non-Executive Director

Lucy has over 16 years' experience in the technology sector; she has worked for 5one Group, Adapt Group Ltd and iSOFT PLC. She has been a Non-Executive Director and Audit Committee Chair of Fonix Mobile PLC. She currently holds the position of CFO for Eagle Eye Solutions Group PLC (since 2014). Lucy began her career at KPMG and is a member of the ICAEW. Lucy joined the Board of Microlise in February 2022.

# Our Senior Leadership Team



**Shenny Remtulla**  
Strategy & M&A Director



**Stephen Watson**  
Product Director



**Trevor McGahan**  
Operations Director



**Mike Blackburn**  
Chief Revenue Officer



**Duncan McCreadie**  
Chief Technology Officer



**Jackie Mitchell**  
Human Resource Director

# Corporate Governance Statement

The Directors recognise the importance of sound corporate governance and confirm that the Group is complying with the QCA Corporate Governance Code. The QCA Code hinges on 10 broad principles and a set of disclosures.

**The Directors consider that the Group adheres to the principles of the QCA Code as follows:**

## **1. Establish a strategy and business model which promote long-term value for shareholders**

The Board is responsible for delivering shareholder value by developing the overall strategy and supporting the development and direction of the Group. The Board works to organise and direct the affairs of the Group in a manner most likely to promote the success of the Company for the benefit of all of its stakeholders, whilst complying with legal and regulatory frameworks.

The Group's business model is predicated on developing and maintaining strong relationships with our employees, customers, investors, and other sectoral interest groups. The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the business.

The diverse experience and background of the Non-Executive Directors ensures that they can provide rigorous debate and constructively challenge management, both in relation to the development of strategy, and when reviewing the Group's operational and financial performance.

Responsibility for developing and implementing strategy within the Group and for the day-to-day management of the business is delegated to the Chief Executive Officer (CEO) who, as the head of the Senior Leadership team, cascades this responsibility through the Group. The CEO is empowered by the Board to handle all business activities up to a designated level of authorisation and to report to the Board for guidance, support and approval on other matters which require Board input. The members of the Senior Leadership team are listed on page 70.

## **2. Seek to understand and meet shareholder needs and expectations**

The Board is accountable to its shareholders & seeks to balance these interests with those of a wider range of stakeholders. The Board has ultimate responsibility for the Group's internal control procedures & for reviewing their effectiveness to guide & direct the Group's activities to support the delivery of its strategic, financial, operational & other objectives.

Stakeholder engagement & feedback is prioritised throughout the Group. In addition to engaging through the Company's annual general meeting (AGM) & through stock exchange announcements, the Executive Directors, supported by the Company's broker, also meet with institutional shareholders & analysts during the year, particularly after the announcement of full-year & half-year results. These meetings cover topics including the Group's strategy, performance & objectives, & provide a valuable forum for investor feedback. Investors & other stakeholders can also access information about the Group on our website. The Group places considerable value on the involvement of our employees and keeps them informed on matters affecting them & on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, & through information available on the Company's website and Intranet. The Group also uses virtual & social media channels to engage with its internal & external stakeholders.

## **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board recognises that it is responsible to shareholders and to a wider group of stakeholders, both internally (members of staff) and externally (customers, suppliers, regulators and others).

The Group acts with integrity and values its people and the communities with which it engages.

The Board has a range of processes and systems in place to ensure there is close oversight and contact with key

stakeholders and takes this feedback into account when in discussions relating to the Group's strategy.

The Group's Section 172 statement can be reviewed at page 31.

#### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board does not delegate overall responsibility for the approval of the risk management policy to either the Audit Committee or management.

Through weekly meetings at both an operational and senior leadership level, the management framework ensures that the identification and management of risks is something that is ingrained into the day-to-day running of the business.

The business maintains departmental risk registers based on a consistent 5 x 5 rating system with any high impact or highly probable risks captured on our corporate risk register, which is owned by the Executive directors and is reviewed quarterly.

There is a robust financial planning process in place that ensures all cost drivers and revenue streams are thoroughly reviewed as part of the annual budgeting setting process, which is reviewed and approved by the Board. Monthly financial results are reported with key variances against budget identified and investigated. We review our financial projections on a regular basis to ensure we will meet our financial targets.

Microlise has held the ISO9001:2015 standard for a number of years which requires us to take a risk-based approach to our quality management system. Furthermore, we hold ISO27001 standard, which requires the relevant risks to be captured in the statement of applicability. This is managed by the information security team and reviewed with the executive Board and senior management team on a quarterly basis.

#### **5. Maintain the board as a well-functioning, balanced team led by the chair**

The Board's role is to provide effective leadership of the Group and to establish and align the Group's purpose, strategy, values and culture. It is the primary decision-making body for all material matters affecting the Group, providing leadership and guidance, and setting our strategic direction.

The Board is satisfied that the size of the Board and its committees, and the balance of Executive and Non-executive members is appropriate. At the date of this report the Board comprised

Jon Lee, Nadeem Raza, Constantino (Dino) Rocos, Lucy Sharman-Munday and Nick Wightman (please see page 69 for further information).

#### **6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Group has established a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long-term success of the Group. Individual directors have sufficient capacity to make a valuable contribution that aligns to the Group's activities.

#### **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Board has extensive operational experience and many years of detailed knowledge of the transport and SaaS sectors. The Board also benefits from significant financial, transactional, risk management and public company expertise.

The Board evaluates its performance by conducting an annual 360° board assessment that assesses the objectives, strategy and remit of the Board, performance management, risk management and the experience, skills and capabilities of the Directors to manage the business.

This assessment is owned by the Chairman who will use feedback to improve reporting processes and oversight. The executive leadership team similarly conducts appraisals that are held twice yearly and are analysed and discussed at the Remuneration Committee.

## **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board is responsible for the performance and proper conduct of the business and of ensuring that a positive culture is supported.

**The Group has a range of ethical and values-related policies and procedures in place including:**

- Anti-corruption & bribery policy
- Anti-money laundering & counter terrorism financing.
- Anti-harassment & bullying policy
- Corporate social responsibility statement
- Equality & diversity policy
- Employee handbook
- Employee privacy statement
- Mental health policy
- Whistle blowing policy
- Modern slavery statement

## **9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Group has an established governance framework for the Board, Committees and the Senior Leadership Team. This framework aligns to and operates within the Group's global framework of operating rules, policies and delegations of authority. In this way, team objectives, goals and targets cascade down through the business to align with Group strategy and any risks or issues that cannot be resolved at a team level, are fed back up to senior leadership or to the Board.

## **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

Communication between the Group and its shareholders is an essential element of a sound governance framework. The main day-to-day engagement with shareholders and prospective investors is carried out by the Chief Executive Officer and Chief Financial Officer. During the year, requested meetings and calls took place, primarily after our trading update, and a formal programme of meetings with analysts and institutional investors took place immediately after our results for the period ended 31 December 2024 were announced. We should reference the cyber incident comms here.

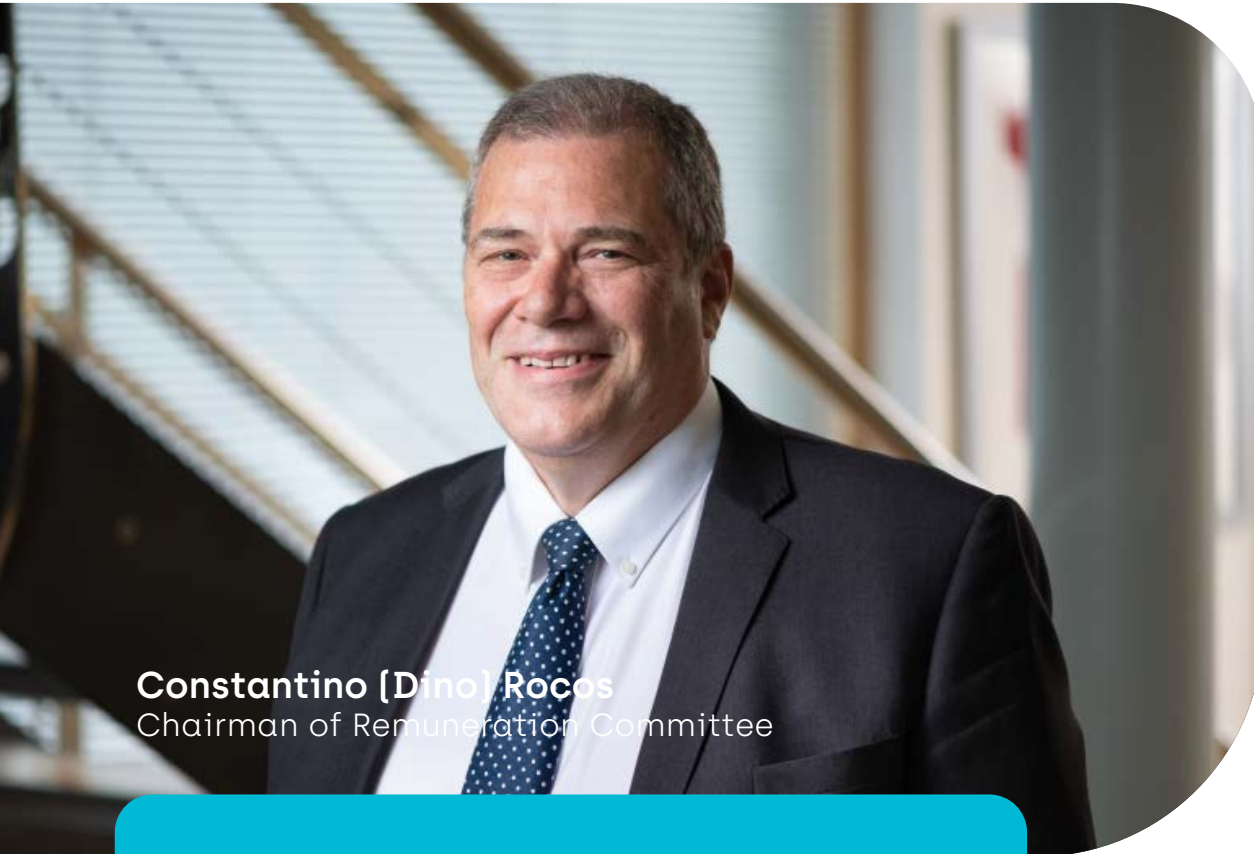
Feedback from these meetings and regular market updates prepared by the Group's broker and other advisers are presented to the Board to ensure the Directors have a good understanding of shareholders' views.

The Group has a dedicated investors section on its website (<https://www.microlise.com/investors/>) which includes a wide range of information on the Group's activities, and all regulatory announcements.

The AGM will be held at Microlise's head office at 09:00 on 28th of May 2025. There will be an option to join. The notice of the AGM is available on the Group's website and sets out the business of the meeting and an explanatory note. In line with good governance, voting on all resolutions at this year's AGM will be conducted by way of a poll. Should a shareholder have a question that they would have raised at the meeting, they are able to send this by email to [microlise@secnewgate.co.uk](mailto:microlise@secnewgate.co.uk).

Answers to questions will be published on the website following the AGM.

# Remuneration Report



**Constantino (Dino) Rocos**  
Chairman of Remuneration Committee

As chair of the Remuneration Committee of the Board, I am pleased to present the Microlise Directors' Remuneration Report for the year ended 31 December 2024.

## Committee Meetings & Attendance

The Remuneration Committee is currently chaired by myself and its members are Non-Executive Chairman, Jon Lee, and Non- Executive Director, Lucy Sharman-Munday

The Committee is required by its Terms of Reference to meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters, and in any event, at least twice a year in December and March.

The Remuneration Committee and associated policies were implemented shortly prior to admission to AIM with guidance from KPMG, who have also provided support to the Remuneration Committee following admission to AIM.

## Remuneration Policy For The Year Ended 31 December 2024

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' and senior management's remuneration operated by the Group. In setting the Remuneration Policy for Executive Directors, the

### **Remuneration Committee considers:**

- The need to attract, retain and motivate high quality executive directors;
- The need for an uncomplicated link between performance and rewards;
- The need for an appropriate balance between fixed and variable remuneration and short term and long term rewards and alignment with shareholder interests; and
- Corporate governance best practice and remuneration trends.

## Committee Objectives & Responsibilities

### **The Committee's main responsibilities can be summarised as follows:**

- To determine the policy for Directors' remuneration and setting remuneration for the Executive Directors and senior management below Board level.
- In line with corporate governance best practice, to design remuneration policies and practices with the objective of ensuring that Executive Directors and senior management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company without paying more than is necessary, having regard to the views of its shareholders and other stakeholders.
- In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements and applicable corporate governance codes. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully.
- Review the ongoing appropriateness and relevance of the remuneration policy.
- Approve the design of, and determine targets for, any performance-related pay schemes operated by the Group and approve the total annual payments made under such schemes. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group.
- Review the design of all share incentive plans for approval by the Board and, where required, shareholders.
- For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for Executive Directors and senior managers, and the performance targets to be used.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Review broader workforce remuneration and related policies.
- Review, at least annually, the Group's obligations, including changes to employment and discrimination law and relevant regulations as well as the effect of any changes to tax law or rates of tax.
- Oversee any major changes in employee benefits structures throughout the Group.

# Directors' Remuneration

## Annual Salaries

The Remuneration Committee will review the salaries for the Executive Directors and senior management below Board level, including the Company Secretary, annually in July taking into account inflation, salaries with comparative groups, personal and Company performance and economic landscape. The Board as a whole decides the remuneration of the Chairman and Non- Executive Directors.

| Name & Position         | Annual Salary FY2024 | Annual Salary FY2023 |
|-------------------------|----------------------|----------------------|
| Nadeem Raza CEO         | £296,543             | £285,000             |
| Nick Wightman CFO       | £168,000             | £150,000*            |
| Bill Wynn CFO           | N/A*                 | £200,000             |
| Jon Lee Chairman        | £87,780              | £84,000              |
| Dino Rocos NED          | £59,862*             | £57,500*             |
| Lucy Sharman-Munday NED | £59,862*             | £57,500*             |

\*Nick Wightman was appointed to the Board of Microlise as an Executive Director in the role of Chief Financial Officer (CFO) on April 16th 2023. Nick replaced Bill Wynn, who retired after 15 years with the Company on 31st May 2023. Lucy Sharman-Munday's salary includes an additional fee of £5,000 for chairing the Audit Committee. Dino Rocos' salary contains an additional fee of £5,000 for chairing the Remuneration Committee.

## Performance Bonus

The Group operates a performance bonus scheme that is based on achievement of recurring revenue targets, profitability targets and personal objectives linked to business objectives and is applicable to the Executive Directors and the Group's senior management.

For FY 2025 the maximum performance bonus opportunity for Executive Directors is 100% of their annual salary. There are performance conditions attached to this bonus including EBITDA, Annual Recurring Revenue, Cash and also personal targets linked to the Group's strategic aims.

## Long Term Incentives

The Company operates a Performance Share Plan ("PSP"), the Non-Employee Performance Share Plan (NEPSP) and, during 2022, the Company introduced a Company Share Option Plan (CSOP).

On 11th March 2024, the Company granted 549,711 nominal cost options under the PSP to Nadeem Raza and Nick Wightman. The vesting of 90% of these awards is based on the Company's total shareholder return ("TSR") performance over a three year period from 1 January 2024 relative to the TSR performance of the constituents of the FTSE AIM All Share Index over the same period ("Relative TSR Award"). One quarter of the Relative TSR Award will vest for median ranking performance, rising on a straight-line basis to three quarters vesting of the Relative TSR Award for upper quartile ranking relative TSR performance. The final quarter of the Relative TSR Award will vest in full for highest ranking relative TSR performance, with vesting on a straight line basis between upper quartile and highest ranking TSR performance. The baseline share price for the TSR performance condition for FY2024 options is 112p, being the 3 month average share price (excluding weekends) on the day immediately prior to the approval of these options, being March 6th 2024. The vesting of the remaining 10% of the award is linked to the achievement of net zero carbon emissions by 2030.

The maximum 10% of the award will vest if the Company achieves a target of TC02e / FTE of 0.55 from the 2022 base line year of 1.1. 25% of the award will vest if the Company achieves a trigger point of 0.71 TC02e / FTE with the percentage of the award vesting increasing to 100 straight line between those points (0.71 – 0.55). Vesting against both performance conditions will be measured at the end of the Performance Period and a further two year holding period will apply to any shares that vest (subject to the ability of the option holders to sell sufficient shares to meet any tax arising at exercise). Further details of employee share schemes are set out in note 23 to the financial statements.

No awards have been made to members of the Board under the terms of the CSOP. A number of below Board level executives have been granted a combination of CSOP and PSP awards. Each CSOP award made to below Board level employees has been granted in the form of a market value option, with no associated performance conditions or holding period.

**A breakdown of all of the current outstanding Director’s long term incentives awards is set out in the table below:**

| Name                | Date of Grant      | Number of options | Exercise price per share (£) | Vesting Date       | Lapse Date         | Performance |
|---------------------|--------------------|-------------------|------------------------------|--------------------|--------------------|-------------|
| Nadeem Raza         | 28th July 2022     | 283,019           | £0.001                       | 28th July 2025     | 28th July 2032     | Yes         |
| Nadeem Raza         | 22nd December 2023 | 322,642           | £0.001                       | 31st December 2025 | 31st December 2033 | Yes         |
| Nadeem Raza         | 11th March 2024    | 382,116           | £0.001                       | 31st December 2026 | 31st December 2034 | Yes         |
| Nick Wightman       | 28th July 2022     | 71,698            | £0.001                       | 28th July 2025     | 28th July 2032     | Yes         |
| Nick Wightman       | 22nd December 2023 | 141,509           | £0.001                       | 31st December 2025 | 31st December 2033 | Yes         |
| Nick Wightman       | 11th March 2024    | 167,595           | £0.001                       | 31st December 2026 | 31st December 2034 | Yes         |
| Jon Lee             | 22nd July 2021     | 59,259            | £0.001                       | 22nd July 2024     | 22nd July 2031     | No          |
| Dino Rocos          | 22nd July 2021     | 40,741            | £0.001                       | 22nd July 2024     | 22nd July 2031     | No          |
| Lucy Sharman-Munday | 28th July 2022     | 41,509            | £0.001                       | 28th July 2025     | 28th July 2032     | No          |

A total of 348,148 nominal cost options granted to Nadeem Raza and Nick Wightman lapsed on 22nd July 2024 due the Performance Conditions not being satisfied.

A breakdown of all Director's remuneration for year ended 31 December 2024 and 31 December 2023 are set out below:

| Name and Position       | Salary   | Bonus    | Benefits <sup>1</sup> | Pension Contribution | Long Term Incentives <sup>2</sup> | 2024 Total |
|-------------------------|----------|----------|-----------------------|----------------------|-----------------------------------|------------|
| Nadeem Raza CEO         | £290,771 | £134,402 | £12,392               | £11,467              | £0                                | £449,032   |
| Nick Wightman CFO       | £159,000 | £76,142  | £2,042                | £11,576              | £0                                | £248,760   |
| Jon Lee Chairman        | £85,701  | £0       | £0                    | £3,380               | £0                                | £89,081    |
| Dino Rocos NED          | £58,563  | £0       | £0                    | £0                   | £0                                | £58,563    |
| Lucy Sharman-Munday NED | £58,563  | £0       | £0                    | £0                   | £0                                | £58,563    |

| Name and Position       | Salary   | Bonus    | Benefits <sup>1</sup> | Pension Contribution | Long Term Incentives <sup>2</sup> | 2023 Total |
|-------------------------|----------|----------|-----------------------|----------------------|-----------------------------------|------------|
| Nadeem Raza CEO         | £267,500 | £116,173 | £10,143               | £10,700              | £0                                | £404,516   |
| Bill Wynn CFO*          | £83,333  | £0       | £5,697                | £4,253               | £0                                | £93,283    |
| Nick Wightman CFO**     | £112,500 | £62,791  | £1,243                | £5,004               | £0                                | £181,538   |
| Jon Lee Chairman        | £82,000  | £0       | £0                    | £3,280               | £0                                | £85,280    |
| Dino Rocos NED          | £56,250  | £0       | £0                    | £0                   | £0                                | £56,250    |
| Lucy Sharman-Munday NED | £56,250  | £0       | £0                    | £0                   | £0                                | £56,250    |

\* Bill Wynn retired from the Board on May 31st 2023 and these figures represent his remuneration for the period he was in office.

\*\*Nick Wightman was formally appointed to the Board on April 16th 2023, these figures represent his remuneration from April 1st 2023.

<sup>1</sup>This figure includes car allowance and medical insurance.

<sup>2</sup> No long term incentives vested in the period (FY23 also nil).

## Remuneration Policy For Non-Executive Directors

I and the other Non-Executive Directors each receive a fee for our services as Directors, which is approved by the Board, mindful of the time commitment and responsibilities of our roles and of current market rates for comparable organisations and appointments.

Dino Rocos, Chair of Remuneration Committee

# Audit Committee Report



Lucy Sharman-Munday,  
Chairperson of the Audit Committee

As the Chairperson of the Audit Committee of the Company (“Committee”), I present my Committee Report for the period ended 31 December 2024, which has been prepared by the Committee and approved by the Board.

## Committee Meetings & Attendance

In addition to myself as Chair, the other independent members of the Committee are Dino Rocos and Jon Lee. The Board considers that I have sufficient, relevant financial experience to chair the Committee given that I am a chartered accountant with previous audit committee chair experience, and currently CFO of another AIM listed business. The Committee is required by its Terms of Reference to meet as frequently as the Committee Chairperson shall require, and at regular intervals to deal with routine matters and, in any event, at least three times in each financial year.

The CEO and CFO attend by invitation, together with the Auditors, BDO LLP.

## Committee Activities

The Committee is responsible for reviewing and reporting to the Board on the Company's financial performance, monitoring the integrity of the Company's financial statements (including Annual and Interim Accounts and results announcements), reviewing internal control and risk management, and reviewing/monitoring the performance, independence and effectiveness of the Company's external auditors and agreeing auditor fees.

The Committee's primary activities over the period comprised meeting with the external auditors, and considering the audit approach, scope and timetable. In addition, the Committee reviewed the audit provided by BDO LLP, the Group's external auditors. The Committee concluded that BDO LLP are delivering the necessary audit scrutiny, with no non-audit services provided in the period.

Due to the cyber incident during the period, BDO worked closely with our appointed cyber security specialists to assess the completeness and integrity of data as the systems were being brought back online, including review of the financial controls throughout the recovery. This was a specific task performed as part of the audit and the Board were kept up to date with the activities as they progressed.

As part of the response to the cyber incident, the Committee reviewed the response plan and monitored restoration activities. Furthermore, the Committee reviewed market communications and the investigations outputs from professional advisors appointed.

## Responsibilities & Objectives

### **In fulfilment of these objectives the Committee:**

- Reviews the Group's financial statements and finance-related announcements, including compliance with statutory and listing requirements. Compliance is reviewed each year with the Chief Financial Officer and enhancements are made as appropriate;
- Considers whether these statements and announcements provide a fair, balanced and understandable view of the Group's strategy and performance, and of the associated risks. Further consideration of these matters is also provided by the Board as a whole;
- Considers the appropriateness of accounting policies and significant accounting judgements and the disclosure of these in the financial statements, these include judgements in revenue recognition, capitalisation of development costs and provisions relating to the cyber incident.
- Reviews the effectiveness of financial controls and systems. The Group does not have an internal audit function and the Committee continues to be of the view that the Group is not yet of a size and complexity to warrant the establishment of such a function; and
- Oversees the relationship with and performance of the external auditors.

## Board & Sub Committee Meeting Attendance

|                                | Board        |          | Remuneration   |          | Audit          |          |
|--------------------------------|--------------|----------|----------------|----------|----------------|----------|
|                                | Meeting (BM) |          | Committee (RC) |          | Committee (AC) |          |
|                                | Possible     | Attended | Possible       | Attended | Possible       | Attended |
| Lucy Sharman-Munday (AC Chair) | 10           | 10       | 3              | 3        | 2              | 2        |
| Jon Lee (BM Chair)             | 10           | 10       | 3              | 3        | 2              | 2        |
| Dino Rocos (RC Chair)          | 10           | 10       | 3              | 3        | 2              | 2        |
| Nadeem Raza*                   | 10           | 10       | 3              | 3        | 2              | 2        |
| Nick Wightman*                 | 10           | 10       | 3              | 3        | 2              | 2        |

\*Nadeem Raza and Nick Wightman attended Remuneration Committee by invitation



# Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the 12-month period ending 31 December 2024.

## Principal Activities, Business Review & Future Developments

The principal activity of the group is the provision of technological transport solutions that enable customers to reduce costs and environmental impact, while increasing safety, efficiency, and compliance.

## Corporate Status

Microlise Group PLC (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 11553192 on 5th September 2018. The Company has its registered office at Farrington Way, Eastwood, Nottingham, NG16 3AG. The principal place of business of the Group are its offices in Nottingham.

## Directors

Nadeem Raza

Nick Wightman

Jon Lee

Dino Rocos

Lucy Sharman-Munday

The Company has agreed to indemnify its Directors against third party claims which may be brought against them and has put in place a Directors' and Officers' insurance policy.

The market price of the Company's shares at the end of the financial year was £1.02 and the range of the market price during the year was between £1.69 and £0.90.

## Substantial Shareholdings

At 31st December 2024, the Directors have been notified of the following beneficial interests in excess of 3% of the issued share capital of the Company (excluding those shares held in treasury).

## Shareholders by Holding

|      |                                     |            | 31 December 2024 |       |         |
|------|-------------------------------------|------------|------------------|-------|---------|
| Rank | Shareholder                         | Shares     | %IC              | %FF   | Cum %FF |
| 1    | Mr Nadeem Raza                      | 58,032,442 | 50.05            | 50.05 | 50.05   |
| 2    | Liontrust Asset Mgt                 | 13,535,162 | 11.67            | 11.67 | 61.72   |
| 3    | BGF Investments                     | 7,720,926  | 6.66             | 6.66  | 68.38   |
| 4    | Mr Robert Harbey                    | 4,375,000  | 3.77             | 3.77  | 72.15   |
| 5    | Mr Roy Allum                        | 4,287,751  | 3.7              | 3.7   | 75.85   |
| 6    | Canaccord Genuity Wealth Mgt        | 4,264,000  | 3.68             | 3.68  | 79.53   |
| 7    | Columbia Threadneedle Investments   | 3,748,459  | 3.23             | 3.23  | 82.76   |
| 8    | Rowan Dartington & Co               | 2,884,062  | 2.49             | 2.49  | 85.25   |
| 9    | Stonehage Fleming Family & Partners | 2,555,301  | 2.2              | 2.2   | 87.45   |
| 10   | BlackRock Investment Mgt            | 2,170,896  | 1.87             | 1.87  | 89.32   |

## Research & Development

Details of the Group's policy for the recognition of expenditure on research and development are set out on page 112 respectively of the consolidated financial statements.

## Risk Management Objectives & Policies

Details of the Group's financial risk management objectives and policies are set out in note 20 of the consolidated financial statements.

## Related Party Transactions

Details of the Group's transactions and year end balances with related parties are set out in note 26 of the consolidated financial statements.

## Dividends

An interim ordinary dividend of 0.57 pence per share was paid in November 2024. The Directors recommend a final ordinary dividend of 1.77 pence per share (FY23: 1.725) payable on 27 June 2025 to shareholders on the register at close of business on 6 June 2025.

## Promote A Corporate Culture Based On Open Dialogue

The Board promotes a corporate culture that is based on sound ethical principles and behaviours. The Board recognises that the tone set by its decisions regarding strategy and risk may impact the corporate culture of the Group as a whole and on the way that employees and other stakeholders behave, which in turn can impact the performance of the Company.

The Group operates in a manner that encourages an open dialogue with employees, customers and other stakeholders and the Board considers that two-way communication and sound ethical values and behaviours are crucial to the ability of the Group to achieve its corporate objectives.

The Directors believe that the Group has a transparent and communicative culture supporting comprehensive dialogue and feedback and enabling positive and constructive challenge, and suggested solutions for improvement. The Board keeps staff updated through CEO updates and through a question-and-answer facility on the intranet. The Group promotes a healthy corporate culture through use of its weekly team meetings, its staff intranet, regular business updates and employee surveys. Twice yearly CEO updates that are linked to staff social events, allow senior leadership to keep staff apprised of the key financial and strategic activity of the Group.

## Strategic Report

The Company has chosen in accordance with Companies Act 2006, section 414C (11) to set out in the Company's strategic report on pages 5 - 67, information required to be contained in the Directors' Report by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7, where not already disclosed in the Directors' Report.

## Statement As To Disclosure Of Information To The Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Auditor

BDO LLP was appointed for the year ended 31 December 2024 and have indicated their willingness to continue in office.

## Approval

This Directors' Report was approved by the Board and signed on its behalf by:



Nick Wightman, Company Secretary  
26 March 2025

Farrington Way, Eastwood, Nottingham NG16 3AG

## Statement Of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the Company financial statements in accordance with (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

### **In preparing these financial statements, the directors are required to:**

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group financial statements have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- State whether the Company financial statements have been prepared in accordance with applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Website Publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# Financial Statements

The background features a dark, gradient blue field. Overlaid on this are several large, smooth, flowing shapes that resemble liquid or molten metal. The primary color of these shapes is a bright, glowing gold, which transitions into a deep blue and then a dark purple as they curve and recede. The lighting is dramatic, with bright highlights on the upper surfaces and deep shadows in the recesses, creating a sense of depth and movement.

# Independent auditor's report to the members of Microlise Group PLC

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Microlise Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of financial position, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances by way of enquiry with the Directors in regards to who prepared the assessment and the information and individuals consulted in the process;
- Obtaining the Directors' trading forecasts underlying the going concern assessment and challenging the Directors on the key estimates and assumptions within the forecasts around the forecast levels of revenue, gross profit and working capital cycles, through analysis and comparison of forecasts with prior year actuals;
- Performing data verification and logic checks to confirm the mathematical accuracy of the forecast model;
- Analysing post period end trading results compared to forecast and current period to evaluate the accuracy and achievability of forecasts;

- Obtaining the banking facilities and agreeing the disclosures are consistent with the contracted facilities at the date of approval of the financial statements;
- Assessing the sensitivities undertaken against the level of available cash and level of banking facilities. We considered the results of stress tested sensitivities undertaken by the Directors and assessed the reasonableness of the Directors' assessment that the scenario that could result in the Group facing a cash shortfall was remote in light of the historic trading results. As part of our assessment of the forecasts and stressed scenarios we considered factors such as the wider macro-economic implications of the high inflation and rising interest rates; and
- Reviewing the disclosures in the Annual report to ensure that they are in accordance with relevant requirements and provided meaningful and transparent information for the users of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Overview

|                          |  |      |      |
|--------------------------|--|------|------|
| <b>Key audit matters</b> |  | 2024 | 2023 |
|                          | Fraud or error in recognition of revenue                               | ✓    | ✓    |
|                          | Fraud or error arising from Cyber-Attack                               | ✓    | x    |
| <b>Materiality</b>       | Group financial statements as a whole                                  |      |      |
|                          | £0.8m (2023: £0.7m) based on 1% (2023: 1%) of total annualised revenue |      |      |

## An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

## Components in scope

From the above risk assessment and planning procedures, we determined which of the Group's components were likely to include risks of material misstatement relevant to the Group's financial statements. We then determined the type of procedures to be performed at these components and the extent to which component auditors were required to be involved

| Group Audit Scope  | Number of components |      |
|--|----------------------|------|
|  | 2024                 | 2023 |
| Statutory audit and procedures on the entire financial information of the component (2023: Significant components due to size) [1] | 1                    | 1    |
| Procedures on one or more classes of transactions, account balances or disclosures [2]   | 2                    | 1    |
| Risk assessment procedures [3]   | 4                    | 7    |

Scope [1]: Comprises Microlise Limited (2023: Microlise Limited)

Scope [2]: Microlise India, Microlise Australia Pty Limited (2023: Trutac Limited)

Scope [3]: Comprises Microlise France SAS, Microlise Holdings Limited, Microlise Midco Limited, and Microlise Engineering Ltd (2023: Vita Software Limited, Microlise India, Microlise Australia Pty Limited, Microlise France SAS, Microlise Holdings Limited, Microlise Midco Limited, and Microlise Engineering Ltd)

In determining components, we have considered how components are organised within Group and the commonality of control environment, legal and regulatory framework, and level of aggregation associated with individual entities. Whilst there is relative commonality of controls across the Group, differences in jurisdictional risk, and the legal and regulatory frameworks under which the entities operate, prevent the further amalgamation of components.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- Procedures on the entire financial information of the components where identified aggregation risk, including performing substantive procedures;
- Procedures on one or more classes of transactions, account balances or disclosures for components where we identified low or no aggregation of risks; and
- Specified audit procedures.

### **Procedures performed at the component level**

The Group engagement team has performed all procedures directly, and has not involved component auditors in the Group audit.

### **Changes from the prior year**

For the audit of the year ended 31 December 2023 Microlise India, Microlise Australia Pty Limited were considered to be Scope 3. Due to the growth in the Microlise Australia Pty Limited and Microlise India components we increased our testing on this component in the current year by carrying out specific procedures on revenue for Microlise Australia Pty Limited and payroll for Microlise India. On 31 May 2023 the trade assets and liabilities of Vita Software Limited were transferred to Microlise Limited at book value and also on 31 December 2023 the trade assets and liabilities of TruTac Limited were transferred to Microlise Limited at book value. As such they are excluded from our assessment of components for the year ended 31 December 2024.

### **Climate change**

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and any other relevant party and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out on page 66 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of managements disclosures included as Statutory Other Information on pages 42 to 67 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  |  | How the scope of our audit addressed the key audit matter  |
|---|--|--|
| <p>Fraud or error in recognition of revenue. (See accounting policies and note 1)</p> | <p>The Group has multiple revenue streams as part of the provision of the services to customers. The different performance obligations are often included in single contracts with customers and need to be carefully analysed to establish the selling price for the relevant performance obligations and therefore the point of revenue recognition in accordance with the accounting policies.</p> <p>The nature of the services therefore increases the inherent risk of error in the revenue recognition due to the complexity. The application of relevant accounting standards also impacts on the presentation of trade receivables and deferred revenue in the statement of financial position and given the high volume of low value transactions there is a risk of error in the presentation of these balances.</p> <p>Due to the complexity of the contracts, the payment profile of certain customers with payment received in advance of services delivered and the volume of transactions we consider there is also an opportunity for fraudulent manipulation of reported</p> | <p>We obtained a breakdown of the recurring revenue earned in the period. To verify the accuracy of the breakdown we agreed a sample of entries to supporting contracts and payment from customers, agreeing the inputs to the calculation of revenue recognised and deferred income and checking the integrity of the calculation.</p> <p>For all customers that contributed a material amount of recurring revenue and a sample of other customers that recurring revenue was earned from in the year, with an increased focus on customers paying in advance, we obtained the customer contract. We identified the different performance obligations relevant for the period and checked that the allocated selling price for each performance obligation was appropriate and in line with our understanding of the contract. We checked that revenue for each performance obligation delivered in the period had been recognised in financial records in accordance with the Group's accounting policy and was supported and had not been manipulated or overstated.</p> <p>For each customer contract reviewed we reperformed the calculation of deferred revenue and agreed this to managements calculation and checked the presentation included in the financial statements was in accordance with the relevant accounting standards.</p> <p>We selected a sample of credit notes raised during the period, and after the period end substantiating to supporting evidence to check the reasons for the credit note were</p> |

|   |   |  |
|---|---|--|
|   | <p>revenue. We have identified the following areas of specific focus:</p> <p>a) Manipulation in timing of revenue recognition during the period by adjusting the levels of income allocated to the different performance obligations and thus reducing the level of contract liability; and</p> <p>b) Manipulation of the classification and presentation of the revenue to increase the amount of managed service revenue (recurring) compared to non-recurring revenue streams.</p> <p>We have therefore determined that revenue recognition is a key audit matter.</p>   | <p>valid and were not indicative of manipulation of revenue. For credit notes raised after the year end we checked that revenue in the period had been correctly reversed.</p> <p>For non-recurring revenue we selected a sample of revenue transactions and agreed to evidence of service delivery in the period to check that revenue had been earned in period.</p> <p>Key observations:<br/>Based on the procedures performed we are satisfied that revenue has been accurately recognised in accordance with Group's accounting policy and relevant accounting standards and that there is no evidence of manipulation nor bias.</p>  |
| <p>Fraud or error arising from cyber-attack</p> | <p>During the year the Group was the target of a cyber-attack where its network was infiltrated by an external party whereby limited data was accessed and extracted from some operational systems.</p> <p>We focused on this area as there is a risk that the Group's financial systems have been accessed and that their integrity has therefore been compromised with the consequent possibility of fraudulent misstatement of financial information in the financial statements. The risk is relevant to three areas:</p> <p>a) Completeness and accuracy of financial records impacted by the cyber breach</p> <p>b) Accounting for the claims for service interruption from customers and penalties from regulators</p> | <p>(a) Completeness and accuracy of financial records impacted the cyber breach</p> <p>Together with our internal cyber security experts we performed enquiries of the members of management responsible for the coordination of the incident response activities and of the third party experts who were engaged by Group to help support the business response.</p> <p>As part of these enquiries we understood the processes and procedures which were put in place by management as part of the containment exercise following the breach.</p> <p>With the assistance of our cyber security experts we assessed the scope, methodology and overall approach of management's investigation into the matter. We obtained the results of management's investigation, including the reports from their experts, conclusions reached and understood the basis for those conclusions.</p> <p>Our experts reviewed the testing done by managements experts on assessing the breach and the timing of when it occurred</p> |

|  |   |   |
|--|---|---|
|  | <p>related to the data breach and associated insurance</p> <p>c) The nature of the disclosure relating to the incident being transparent, balanced and understandable including the presentation of items as exceptional items in the financial statements.</p> | <p>and the underlying reason for it. We were satisfied with the work done and allowed us to conclude that the backup data used to recreate the financial records was taken prior to the unauthorised access to the system.</p> <p>We have corroborated that there is no evidence to indicate that the systems relevant to the audit of the financial statements were impacted beyond the precise nature of the activities undertaken by the perpetrators.</p> <p>We designed and carried out specific substantive testing on the restoration of the financial records from back up and completeness of the accounting records across each financial statement area, extending our testing across stock takes, completeness of revenue and receivables, testing of bank reconciliations and confirmation of supplier balances through extended supplier statement testing.</p> <p>Key observations:<br/>Based on the work performed, as summarised above, we were satisfied that we had sufficient assurance that the financial records did not contain material misstatement arising from the cyber breach.</p> <p>(b) Accounting for the claims for service interruption from customers and penalties from regulators on the data breach and associated insurance</p> <p>We reviewed the correspondence with customers, legal advisors, regulators and insurers relating to the claim to understand the position in relation to claims received, penalties and insurance.</p> <p>We have obtained from management a detailed paper summarising the different aspects of potential liabilities arising from the cyber breach and substantiated the basis of managements appraisal to customer contractual positions, legal advice and engagement with the information officer in the various jurisdictions.</p> |
|--|---|---|

|  |  |  |
|--|--|--|
|  |  | <p>We have challenged management on the recognition criteria for a provision or contingent liability as set out in IAS 37. We met with the companies legal adviser to understand their assessment of the success of potential claims for damages in light of the contractual position with customers.</p> <p>Key observations:</p> <p>We are satisfied that the evidence available supports management judgement on the valuation of the legal obligation for service credits and reversal of revenue and the obligation for probable damages.</p> <p>We also challenged management over the recognition of an insurance asset given the status of the insurance claim at the year end and based on our challenge management acknowledged that no insurance asset would be recognised.</p> <p>We have assessed whether, based on the current status of the Information Commissioner’s Office investigation and ongoing matters of litigation, there is any means to reliably estimate any fines and penalties which may arise as a result of this incident. We have concluded that, based on the significant uncertainty in respect of the outcome of these matters, it is not currently feasible for a liability to be reliably measured and that appropriate disclosures in respect of contingent liabilities have been made in the notes to the financial statements.</p> <p>(c) The nature of the disclosure relating to the incident being transparent, balanced and understandable.</p> <p>In light of our knowledge of the incident gained from the work summarised above we have carefully reviewed the disclosure provided for consistency with our understanding. The principal areas of disclosure are in the strategic report, Note 1 regarding judgements and estimates, Note 2 summarising the exceptional items, and Note 19 &amp; 25 relating to provisions and contingent liabilities. In addition was have</p> |
|--|--|--|

|  |  |   |
|--|--|---|
|  |  | <p>considered the presentation of the consolidated statement of comprehensive income.</p> <p>We have substantiated the value of the revenue reversal along with the exceptional costs to supporting evidence including invoices and contracts with advisors along with the conclusions reached from our work in section (b) above.</p> <p>We have applied stand back procedures to ensure the disclosure is understandable by asking an other auditor that is not directly involved in the audit to confirm that the disclosure is clear and transparent.</p> <p>Key observations:</p> <p>We are satisfied that the disclosures are appropriate, fair and balanced and comply with the relevant accounting standards.</p> |
|--|--|---|

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

|   | Group financial statements   |               | Parent company financial statements   |               |
|---|--|---------------|---|---------------|
|   | 2024<br>£'000  | 2023<br>£'000 | 2024<br>£'000   | 2023<br>£'000 |
| <b>Materiality</b>  | 810  | 720           | 490   | 440           |
| <b>Basis for determining materiality</b>                                | 1% of revenue  |               | 0.5% of total assets  |               |
| <b>Rationale for the benchmark applied</b>                              | We have determined the revenue as appropriate benchmark given the nature of the sector and the importance of the recurring and nonrecurring revenue in assessing the performance of the business. Based on industry analysis carried out revenue is regularly used as the benchmark for assessing materiality in the sector. |               | The total assets were considered an appropriate benchmark as the main purpose of the Parent Company was to hold investment in subsidiaries. |               |
| <b>Performance materiality</b>  | 607  | 540           | 367   | 330           |
| <b>Basis for determining performance materiality</b>                    | 75% of materiality which is considered appropriate to mitigate potential aggregation risk across the various financial statement areas. These levels have been applied in determining the testing approach and sample sizes.   |               |   |               |
| <b>Rationale for the percentage applied for performance materiality</b> | Our rationale is that it is the third year of our appointment as auditor and the history of unadjusted differences over our period of appointment is low. Performance materiality of 75% of financial statement materiality was considered to give suitable level to determine the nature of and extent of testing required. |               |   |               |

## Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 50% and 85% (2023: 95% ) of Group materiality dependent on a number of factors including size of component and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £ 300,000 to £ 510,000 (2023: £ 670,000).

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £ 32,400 (2023: £ 36,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

|  |   |
|--|---|
| <b>Strategic report and Directors' report</b>                  | <p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li><li>• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p> |
| <b>Matters on which we are required to report by exception</b> | <p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>• the Parent Company financial statements are not in agreement with the accounting records and returns; or</li><li>• certain disclosures of Directors' remuneration specified by law are not made; or</li><li>• we have not received all the information and explanations we require for our audit.</li></ul>              |

## Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### **Non-compliance with laws and regulations**

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law and data protection regulations.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations, including the work on the cyber breach in the year as described in the key audit matters section;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

#### **Fraud**

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
  - Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be.

- Manipulation in timing of revenue recognition during the period by adjusting the levels of income allocated to the different performance obligations and thus reducing the level of deferred revenue and thereby increasing reported profit;
- Manipulation of the classification and presentation of the revenue to increase the amount of managed service revenue (recurring) compared to non-recurring revenue streams which may influence user assessment of the performance;
- Inappropriate journals posted in to the financial system to manipulate the reported results or conceal inappropriate activity.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Review sample of contracts and identify the different performance obligations relevant for the period and agree that the allocated selling price for each performance obligation appeared appropriate in line with our understanding of the contract and that it had been recognised in accordance with the Group's accounting policy;
- For non-recurring revenue testing sample of revenue transactions and agreed to evidence of service delivery in the period to check that revenue had been earned in period; and
- Review of revenue nominal accounts for unusual transactions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Gareth Singleton*

0CC53D18F436471...

Gareth Singleton (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham, UK  
26 March 2025

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

## Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

|   |      | 2024<br>Underlying<br>results | 2024<br>Exceptional<br>cyber costs<br>(note 2) | 2024<br>Total | 2023<br>Total |
|---|------|-------------------------------|--|---------------|---------------|
|   | Note | £'000                         | £'000  | £'000         | £'000         |
| <b>Revenue</b>  | 1    | 80,995                        | (1,520)  | 79,475        | 71,716        |
| Cost of sales   |      | (27,474)                      | -  | (27,474)      | (28,132)      |
| Gross profit  |      | 53,521                        | (1,520)  | 52,001        | 43,584        |
| Other operating income  | 3    | 640                           | -  | 640           | 973           |
| Administrative expenses   |      | (52,089)                      | (2,860)  | (54,949)      | (42,302)      |
| <b>Operating profit/(loss)</b>  | 3    | 2,072                         | (4,380)  | (2,308)       | 2,255         |
| Interest income   | 5    | 452                           | -  | 452           | 360           |
| Interest expense  | 6    | (250)                         | -  | (250)         | (333)         |
| Share of (loss)/profit of associate net of tax  | 12   | (229)                         | -  | (229)         | 225           |
| <b>Profit/(loss) before taxation</b>  |      | 2,045                         | (4,380)  | (2,335)       | 2,507         |
| Taxation  | 7    | (814)                         | 1,095  | 281           | (931)         |
| <b>Profit/(loss) for the year</b>   |      | 1,231                         | (3,285)  | (2,054)       | 1,576         |
| <b>Other comprehensive expense for the year</b>   |      |                               |  |               |               |
| Currency translation differences  |      | (34)                          | -  | (34)          | (102)         |
| <b>Total comprehensive income/(expense) for the year attributable to the equity shareholders of Microlise Group plc</b> |      | 1,197                         | (3,285)  | (2,088)       | 1,474         |
| <b>Basic earnings per share (pence)</b>   | 8    | 1.06                          | (2.83)   | (1.77)        | 1.36          |
| <b>Diluted earnings per share (pence)</b>   | 8    | 1.06                          | (2.83)   | (1.77)        | 1.36          |

The notes on pages 106 to 139 form part of these financial statements.

## Consolidated Statement of Financial Position as at 31 December 2024

|                                      |      | 31 December<br>2024 | 31 December<br>2023 |
|--------------------------------------|------|---------------------|---------------------|
|                                      | Note | £'000               | £'000               |
| <b>Assets</b>                        |      |                     |                     |
| <b>Non-current assets</b>            |      |                     |                     |
| Property, plant and equipment        | 10   | 8,702               | 8,947               |
| Intangible assets                    | 11   | 83,914              | 76,228              |
| Investments in associate             | 12   | 1,364               | 1,593               |
| Trade and other receivables          | 14   | 3,201               | 2,841               |
| <b>Total non-current assets</b>      |      | <b>97,181</b>       | <b>89,609</b>       |
| <b>Current assets</b>                |      |                     |                     |
| Inventories                          | 13   | 3,212               | 3,348               |
| Loan to associate                    | 12   | 1,000               | 1,000               |
| Trade and other receivables          | 14   | 21,104              | 18,757              |
| Corporation tax recoverable          |      | 746                 | 1,665               |
| Cash and cash equivalents            | 15   | 11,401              | 16,800              |
| <b>Total current assets</b>          |      | <b>37,463</b>       | <b>41,570</b>       |
| <b>Total assets</b>                  |      | <b>134,644</b>      | <b>131,179</b>      |
| <b>Current liabilities</b>           |      |                     |                     |
| Lease liabilities                    | 16   | (809)               | (907)               |
| Trade and other payables             | 17   | (36,409)            | (32,630)            |
| <b>Total current liabilities</b>     |      | <b>(37,218)</b>     | <b>(33,537)</b>     |
| <b>Non-current liabilities</b>       |      |                     |                     |
| Lease liabilities                    | 16   | (500)               | (646)               |
| Trade and other payables             | 17   | (16,051)            | (15,701)            |
| Deferred tax                         | 18   | (6,114)             | (5,622)             |
| Provisions                           | 19   | (2,862)             | -                   |
| <b>Total non-current liabilities</b> |      | <b>(25,527)</b>     | <b>(21,969)</b>     |
| <b>Total liabilities</b>             |      | <b>(62,745)</b>     | <b>(55,506)</b>     |
| <b>Net assets</b>                    |      | <b>71,899</b>       | <b>75,673</b>       |
| <b>Equity</b>                        |      |                     |                     |
| Issued share capital                 | 22   | 116                 | 116                 |
| Share premium account                |      | 17,630              | 17,630              |
| Retained earnings                    |      | 54,153              | 57,927              |
| <b>Total equity</b>                  |      | <b>71,899</b>       | <b>75,673</b>       |

The notes on pages 106 to 139 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2025



Nick Wightman  
Chief Financial Officer

## Consolidated Statement of Changes in Equity

|   | Share<br>Capital | Share<br>Premium<br>Account | Retained<br>earnings | Total<br>Equity |
|---|------------------|-----------------------------|----------------------|-----------------|
|   | £'000            | £'000                       | £'000                | £'000           |
| <b>At 31 December 2022</b>  | <b>116</b>       | <b>17,630</b>               | <b>55,722</b>        | <b>73,468</b>   |
| <b>Comprehensive income/(expense) for the year ended 31 December 2023</b> |                  |                             |                      |                 |
| Profit for the year   | -                | -                           | 1,576                | 1,576           |
| Other comprehensive expense   | -                | -                           | (102)                | (102)           |
| <b>Total comprehensive income for the year</b>                            | -                | -                           | 1,474                | 1,474           |
| Share based payment (note 23)   | -                | -                           | 731                  | 731             |
| <b>Total transactions with owners</b>                                     | -                | -                           | 731                  | 731             |
| <b>At 31 December 2023</b>  | <b>116</b>       | <b>17,630</b>               | <b>57,927</b>        | <b>75,673</b>   |
| <b>Comprehensive income/(expense) for the year ended 31 December 2024</b> |                  |                             |                      |                 |
| Loss for the year   | -                | -                           | (2,054)              | (2,054)         |
| Other comprehensive expense   | -                | -                           | (34)                 | (34)            |
| <b>Total comprehensive expense for the year</b>                           | -                | -                           | (2,088)              | (2,088)         |
| Share based payment (note 23)   | -                | -                           | 975                  | 975             |
| Dividends paid (note 9)   | -                | -                           | (2,661)              | (2,661)         |
| <b>Total transactions with owners</b>                                     | -                | -                           | (1,686)              | (1,686)         |
| <b>At 31 December 2024</b>  | <b>116</b>       | <b>17,630</b>               | <b>54,153</b>        | <b>71,899</b>   |

**Company Statement of Financial Position**  
as at 31 December 2024

|                                  |      | <b>31 December</b> | <b>31 December</b> |
|----------------------------------|------|--------------------|--------------------|
|                                  |      | <b>2024</b>        | <b>2023</b>        |
|                                  | Note | £'000              | £'000              |
| <b>Assets</b>                    |      |                    |                    |
| <b>Non-current assets</b>        |      |                    |                    |
| Property, plant and equipment    | 10   | 4,634              | 4,736              |
| Investments                      | 12   | 94,094             | 83,005             |
| Deferred tax                     |      | 1                  | 1                  |
| <b>Total non-current assets</b>  |      | <b>98,729</b>      | <b>87,742</b>      |
| <b>Current assets</b>            |      |                    |                    |
| Loan to associate                | 12   | 1,000              | 1,000              |
| Trade and other receivables      | 14   | 51                 | 158                |
| Cash and cash equivalents        | 15   | 55                 | 86                 |
| <b>Total current assets</b>      |      | <b>1,106</b>       | <b>1,244</b>       |
| <b>Total assets</b>              |      | <b>99,835</b>      | <b>88,986</b>      |
| <b>Current liabilities</b>       |      |                    |                    |
| Trade and other payables         | 17   | (23,311)           | (15,434)           |
| <b>Total current liabilities</b> |      | <b>(23,311)</b>    | <b>(15,434)</b>    |
| <b>Total liabilities</b>         |      | <b>(23,311)</b>    | <b>(15,434)</b>    |
| <b>Net assets</b>                |      | <b>76,524</b>      | <b>73,552</b>      |
| <b>Equity</b>                    |      |                    |                    |
| Issued share capital             | 22   | 116                | 116                |
| Share premium account            |      | 17,630             | 17,630             |
| Retained earnings                |      | 58,778             | 55,806             |
| <b>Total equity</b>              |      | <b>76,524</b>      | <b>73,552</b>      |

The Company has elected to take the exemption under section 408 of the Companies Act not to present the parent Company profit and loss account. The profit for the parent Company for the year was £4,643,000 (2023: £5,529,000).

The notes on pages 106 to 139 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2025



Nick Wightman  
Chief Financial Officer

Microlise Group plc      Registered number 11553192

## Company Statement of Changes in Equity

|  | Share<br>Capital | Share<br>Premium<br>Account | Retained<br>earnings | Total<br>Equity |
|--|------------------|-----------------------------|----------------------|-----------------|
|  | £'000            | £'000                       | £'000                | £'000           |
| <b>At 31 December 2022</b>                                   | <b>116</b>       | <b>17,630</b>               | <b>49,562</b>        | <b>67,308</b>   |
| <b>Comprehensive income for the year to 31 December 2023</b> |                  |                             |                      |                 |
| Profit for the year  | -                | -                           | 5,529                | 5,529           |
| Other comprehensive income                                   | -                | -                           | -                    | -               |
| <b>Total comprehensive income for the year</b>               | <b>-</b>         | <b>-</b>                    | <b>5,529</b>         | <b>5,529</b>    |
| Share based payment (note 23)                                | -                | -                           | 715                  | 715             |
| <b>Total transactions with owners</b>                        | <b>-</b>         | <b>-</b>                    | <b>715</b>           | <b>715</b>      |
| <b>At 31 December 2023</b>                                   | <b>116</b>       | <b>17,630</b>               | <b>55,806</b>        | <b>73,552</b>   |
| <b>Comprehensive income for the year to 31 December 2024</b> |                  |                             |                      |                 |
| Profit for the year  | -                | -                           | 4,643                | 4,643           |
| Other comprehensive income                                   | -                | -                           | -                    | -               |
| <b>Total comprehensive income for the year</b>               | <b>-</b>         | <b>-</b>                    | <b>4,643</b>         | <b>4,643</b>    |
| Share based payment (note 23)                                | -                | -                           | 990                  | 990             |
| Dividends paid (note 9)                                      | -                | -                           | (2,661)              | (2,661)         |
| <b>Total transactions with owners</b>                        | <b>-</b>         | <b>-</b>                    | <b>(1,671)</b>       | <b>(1,671)</b>  |
| <b>At 31 December 2024</b>                                   | <b>116</b>       | <b>17,630</b>               | <b>58,778</b>        | <b>76,524</b>   |

## Consolidated Statement of Cash Flows

for the year ended 31 December 2024

|   | Note     | Year ended<br>31 December<br>2024<br>£'000 | Year ended<br>31 December<br>2023<br>£'000 |
|---|----------|--|--|
| <b>Cash flows from operating activities</b>                 |          |  |  |
| Cash generated from operations                              | A        | 8,820                                      | 8,906                                      |
| Tax received  |          | 1,211                                      | -  |
| Tax paid  |          | (334)                                      | (144)                                      |
| <b>Net cash generated from operating activities</b>         |          | <b>9,697</b>                               | <b>8,762</b>                               |
| <b>Cash flows from investing activities</b>                 |          |  |  |
| Purchase of property, plant and equipment                   |          | (1,421)                                    | (2,195)                                    |
| Proceeds from disposals of tangible fixed assets            |          | 1  | 54   |
| Additions to intangible assets                              |          | (2,765)                                    | (2,543)                                    |
| Purchase of subsidiary net of cash acquired                 | 27       | (7,063)                                    | (1,966)                                    |
| Purchase of subsidiaries deferred consideration paid        |          | (200)                                      | (1,000)                                    |
| Interest received   |          | 452  | 360  |
| <b>Net cash used in investing activities</b>                |          | <b>(10,996)</b>                            | <b>(7,290)</b>                             |
| <b>Cash flows from financing activities</b>                 |          |  |  |
| Interest paid   |          | (250)                                      | (283)                                      |
| Lease liability payments                                    |          | (1,150)                                    | (1,056)                                    |
| Dividends paid  |          | (2,661)                                    | -  |
| <b>Net cash used in financing activities</b>                |          | <b>(4,061)</b>                             | <b>(1,339)</b>                             |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |          | <b>(5,360)</b>                             | <b>133</b>                                 |
| Cash and cash equivalents at beginning of year              |          | 16,800                                     | 16,683                                     |
| Foreign exchange losses                                     |          | (39)                                       | (16)                                       |
| <b>Cash and cash equivalents at end of year</b>             | <b>B</b> | <b>11,401</b>                              | <b>16,800</b>                              |

The notes on pages 106 to 139 form part of these financial statements.

## Notes to the cash flow statements

### A. Cash generated from operations

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

|  | Year ended<br>31 December | Year ended<br>31 December |
|--|---------------------------|---------------------------|
|  | 2024                      | 2023                      |
|  | £'000                     | £'000                     |
| (Loss)/profit for the year                         | (2,054)                   | 1,576                     |
| Adjustments for:                                   |                           |                           |
| Depreciation                                       | 3,174                     | 2,585                     |
| Amortisation                                       | 4,689                     | 3,492                     |
| Loss/(profit) on disposal of tangible fixed assets | 1                         | (19)                      |
| Share based payments                               | 975                       | 731                       |
| Foreign exchange movements                         | 4                         | (65)                      |
| Net interest costs                                 | (202)                     | (27)                      |
| Share of loss/(profit) of associate                | 229                       | (225)                     |
| Tax (credit)/charge                                | (281)                     | 931                       |
|  | <b>6,535</b>              | <b>8,979</b>              |
| Decrease/(increase) in inventories                 | 136                       | (713)                     |
| Increase in trade and other receivables            | (2,138)                   | (2,315)                   |
| Increase in trade and other payables               | 1,425                     | 2,955                     |
| Increase in provisions                             | 2,862                     | -                         |
| <b>Cash generated from operations</b>              | <b>8,820</b>              | <b>8,906</b>              |

## B. Analysis of net funds

|   | <b>At 1 January</b> | <b>Cash flow</b> | <b>Non-cash</b> | <b>At</b>          |
|---|---------------------|------------------|-----------------|--------------------|
|   | <b>2024</b>         |                  | <b>changes</b>  | <b>31 December</b> |
|   | £'000               | £'000            | £'000           | 2024               |
|   |                     |                  |                 | £'000              |
| Lease liabilities                             | (1,553)             | 1,284            | (1,040)         | (1,309)            |
| Liabilities arising from financing activities | (1,553)             | 1,284            | (1,040)         | (1,309)            |
| Cash and cash equivalents                     | 16,800              | (5,360)          | (39)            | 11,401             |
| <b>Net funds</b>                              | <b>15,247</b>       | <b>(4,076)</b>   | <b>(1,079)</b>  | <b>10,092</b>      |

|   | <b>At 1 January</b> | <b>Cash flow</b> | <b>Non-cash</b> | <b>At</b>          |
|---|---------------------|------------------|-----------------|--------------------|
|   | <b>2023</b>         |                  | <b>changes</b>  | <b>31 December</b> |
|   | £'000               | £'000            | £'000           | 2023               |
|   |                     |                  |                 | £'000              |
| Lease liabilities                             | (1,747)             | 1,163            | (969)           | (1,553)            |
| Liabilities arising from financing activities | (1,747)             | 1,163            | (969)           | (1,553)            |
| Cash and cash equivalents                     | 16,683              | 133              | (16)            | 16,800             |
| <b>Net funds</b>                              | <b>14,936</b>       | <b>1,296</b>     | <b>(985)</b>    | <b>15,247</b>      |

### Major non cash items

£406,000 of additions to right of use assets and lease liabilities are included in non cash movements in the year ended 31 December 2024 (2023: £862,000) together with £500,000 of acquired lease assets and liabilities (2023: none).

## Summary of Significant Accounting Policies

### General information

Microlise Group plc is a holding and management services company. 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 public limited company, traded on the Alternative Investment Market (“AIM”) of the London Stock Exchange, and 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 financial statements have been prepared in accordance with the historical cost convention and UK adopted International Accounting Standards ('UK IFRS'). The stated accounting policies have been consistently applied to all periods presented.

The parent company financial statements have been prepared under applicable United Kingdom Accounting Standards (FRS101). The following FRS 101 disclosure exemptions have been taken in respect of the parent company only information:

- IAS 7 Statement of cash flows;
- IFRS 7 Financial instruments disclosures; and
- IAS 24 Key management remuneration.

The financial statements including the notes 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 financial statements 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

The directors have considered working capital forecasts prepared for the period to December 2026. The Group had cash balances of £11.4m at the year end, no borrowings and a £20m undrawn working capital facility which is not forecast to be utilised. The Group also has a significant recurring income base with inflationary clauses in the main contracts.

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 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 as well as cost and supply issues that might arise in the context of the current international conflicts and are satisfied that the Group has sufficient resources to respond to reasonably foreseeable scenarios. The Directors conclude that a scenario that would result in the need for the Group to require additional funding to be remote.

Based on the forecasts, the Directors are satisfied that the Group can meet its day-to-day cash flow requirements and operate within the terms of its working capital banking facilities if required. Accordingly, the financial statements have been prepared on a going concern basis.

## **B. Accounting policies**

### **Consolidation**

The consolidated financial statements include the results of Microlise Group plc 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, Trakm8 Holdings plc is accounted for as an associate using the equity method. The initial investment was accounted for at cost and the subsequent share of associate profits or losses reported in the Statement of Comprehensive Income and are added to or deducted from the carrying value of the investment.

### **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; and
- 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 contract 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. When an invoice is not due for payment at the statement of financial position date and the associated performance obligation has not been fulfilled no amounts are recognised in the financial statements.

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 assets**

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.

### **Share based payment**

The Group operates an equity-settled share based compensation plan in which the Group receives services from directors and certain employees as consideration for share options. The fair value of the services is recognised as an expense over the estimated vesting period, determined by reference to the fair value of the options granted.

### **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. Microlise, as a large company from 1 July 2020 for tax R&D purposes, qualifies for the large company RDECs which are included as grant income within other operating income.

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 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 innovation grants and large company research and development expenditure credits ('RDEC' s).

### **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:

| <b>Asset class</b>     | <b>Amortisation period</b> |
|------------------------|----------------------------|
| Brands                 | 3 to 15 years              |
| Customer relationships | 7 to 16 years              |
| Technology assets      | 5 to 13 years              |
| Software               | 3 to 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; and
- 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 statement of comprehensive income 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 five to seven 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 useful life 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.

Research and development expenditure tax credits arise in the UK. Those relevant to a large company for tax purposes are credited to other operating income as a grant.

## Financial assets

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price. 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.

## Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence as of the reporting date will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised at the financial period end. The nature and circumstances relating to the contingent asset are disclosed.

## **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 consolidated 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 or 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:

| <b>Asset class</b>               | <b>Depreciation method rate</b> |
|----------------------------------|---------------------------------|
| Freehold property                | 2% straight line                |
| Leasehold improvements           | Over the period of the lease    |
| Equipment, fixtures and fittings | 20-33% straight line basis      |

## **Investments**

Investments in subsidiaries are stated at cost or at the fair value of shares issued as consideration less provision for any impairment. Investments in associates are stated at fair value through the profit and loss.

## **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 consolidated statement of comprehensive income.

## **Provisions**

Provisions are recognised for probable liabilities of uncertain timing or amount including elements of claims for reimbursement relating to a cyber incident that impacted services to customers. The provision is measured at the best estimate of the expenditure required to settle an obligation existing at the reporting date. Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company and hence where an outflow of economic benefit is not probable are not provided for and are disclosed as contingent liabilities.

## **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 share premium account represents the amount by which the issue price of shares exceeds the nominal value of the shares less any share issue expenses.

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/expense for the year, net of dividends paid.

## **New or revised accounting standards and interpretations**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2025 and which the Group has chosen not to adopt early. These include the following standards which may be relevant to the Group:

- Amendments to IFRS 9 and IFRS 7 mandatory for periods commencing 1 January 2026 – Amendments to the Classification and Measurement of Financial Instruments made to address diversity in accounting practice by clarifying requirements in two specific areas:
  - classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
  - timing of derecognition of financial liabilities settled through electronic payment systems.
- IFRS 18 Presentation and Disclosure in Financial Statements mandatory for periods commencing 1 January 2027. IFRS 18 introduces three key new requirements:
  - specified categories and defined subtotals in the statement of profit or loss;
  - improved principles for aggregation and disaggregation of information; and
  - disclosures about management-defined performance measures

As a result of initial review of the new standards, interpretations and amendments which are not yet effective in these financial statements, none are expected to have a material effect on the Company or Group's future financial statements. All IFRS effective at the reporting date of 31 December 2024 have been applied.

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

### **Critical judgements in applying the accounting policies**

The preparation of the financial statements 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 Company's and 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 judgements and estimates used in the preparation of these financial statements that could result in a material change in the carrying value of assets or liabilities within the next twelve months are as follows:

#### **Fair values and intangible assets on acquisition of a business**

Fair values have been applied on the acquisition of subsidiaries which involve a degree of judgement and estimation in particular in the identification and evaluation of intangible assets. The values are derived from the business cash flow forecasts and assumptions based on experience and factors relevant to the nature of the business activity.

#### **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.

#### **Capitalisation of development expenditure**

Management have used their judgement in respect of the capitalisation of development costs against the criteria in the policy. The viability of the new technology and know-how is supported by the results of testing and by forecasts for the overall value and margins from future sales to support the approach taken.

#### **Impairment of intangible assets including goodwill and investments**

Investments made by the Company and intangible assets acquired in a business combination capitalised with goodwill by the Group are subject to annual impairment tests and other intangibles amortised over their estimated useful lives subject to an assessment of impairment.

Subsequent impairment tests for investments and 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 including sensitivities is given in note 10.

#### **Provisions**

Provisions have been recognised in relation to settlement of claims from customers relating to the cyber breach. Provisions, by their nature, include an element of estimation of the most likely outcomes in circumstances where claims have not been able to be fully evaluated at the reporting date. Whilst they are based on review of support provided and the terms of customer agreements the final payments may vary from the claim submitted. Further detail of the assumptions applied including sensitivities is included in note 19.

#### **Share based payment**

The fair values in respect of share based payments are estimated using a number of inputs to an appropriate valuation models including the probability that performance conditions may be met. Further detail of the assumptions applied is included in note 23.

## Notes to the financial statements for the year ended 31 December 2024

### 1. Revenue and segmental analysis

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 setup, 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.

|  | <b>2024</b>   | <b>2023</b>   |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>By type</b>                                     |               |               |
| Revenue recognised at a point in time              |               |               |
| Supply of hardware and installation                | 22,534        | 23,707        |
|  | <b>22,534</b> | <b>23,707</b> |
| Revenue recognised over time                       |               |               |
| Professional services including project management | 3,796         | 2,987         |
| Managed service agreement income                   | 47,818        | 41,614        |
| Other support and maintenance services             | 5,327         | 3,408         |
|  | <b>56,941</b> | <b>48,009</b> |
|  | <b>79,475</b> | <b>71,716</b> |
| <b>By destination:</b>                             |               |               |
| UK   | 72,251        | 65,670        |
| Rest of Europe                                     | 1,966         | 1,514         |
| Rest of the World                                  | 5,258         | 4,532         |
| <b>Total revenue</b>                               | <b>79,475</b> | <b>71,716</b> |

Revenue in respect of one customer amounted to £26.1m representing 32% of the revenue for the year (2023: £23.1m representing 32% of the revenue).

The split of the disaggregated revenue between segments is summarised below.

The chief operating decision maker ("CODM") is identified as the Board. The Board as the CODM reviews the revenue streams of recurring and non-recurring revenue as part of their internal reporting.

The directors previously considered the Group to comprise two complementary segments in respect of fleet management services (Microlise) and tachograph specific software and analysis services (TruTac). Further acquisitions have since been made, broadening the range of fleet management services and with all acquired businesses now transferred and integrated within Microlise Limited. The board no longer reviews the results of a distinct Trutac segment and views operations as one business with a focus on areas within this including geographical expansion and selling complementary services to the existing customer base.

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

|                | 31 December 2024   |            | 31 December 2023   |            |
|----------------|--------------------|------------|--------------------|------------|
|                | Non-current assets | Net assets | Non-current assets | Net assets |
|                | £'000              | £'000      | £'000              | £'000      |
| United Kingdom | 96,952             | 69,608     | 89,316             | 73,787     |
| France         | 13                 | 39         | 15                 | 25         |
| Australia      | 7                  | 203        | 7                  | 150        |
| India          | 209                | 2,049      | 271                | 1,711      |
|                | 97,181             | 71,899     | 89,609             | 75,673     |

## 2. Adjusted results and exceptional costs

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group. The Group's primary results measure, which is considered by the directors of the Group to represent the underlying and continuing performance of the Group, is adjusted EBITDA as set out below. EBITDA is a commonly used measure in which earnings are stated before net finance income, tax, amortisation and depreciation as a proxy for cash generated from trading.

The group qualifies for large company R&D tax reliefs with the RDEC credits included in other operating income above operating profits/(loss) which in line with common practice is included in the Group's calculation of EBITDA.

The measure has been adjusted by acquisition related costs and the material costs of managing and compensating customers for an unexpected cyber security incident in the year which are considered to be non-recurring and non-trading in nature together with the share based payment charge as it represents a non cash item to provide a clearer picture of cash operating performance.

The group was subject to a cyber attack on 31 October 2024 where the actions to mitigate and contain the attack resulted in a number of customers not receiving all the managed services they subscribed for in the weeks following the incident. As a result, the group has incurred a number of exceptional costs totalling £4,380,000 which arise as follows: £429,000 of professional and related fees in respect of managing the technical restoration of services; £1,520,000 reduction in revenue and credit note provision recorded against trade receivables in respect of the value of invoiced services not available to customers in that period; £2,431,000 of provisions have been made in respect of claims for consequential losses from the disruption to the customers' own businesses.

The group considers that its related insurance policies cover these liabilities and that it is likely to be reimbursed a materially similar amount of income in due course once the insurance claims are evaluated and processed. However, confirmation that the policies cover the circumstances was received after the reporting date and in accordance with IAS 37 this is therefore determined to be a contingent asset for the purpose of these financial statements and will be recognised in the next financial period.

In view of the highly material amounts that are expected to be incurred, the primary income statement has been presented to show the result before as well as after these exceptional costs.

|  | <b>2024</b>   | <b>2023</b>  |
|--|---------------|--------------|
|  | £'000         | £'000        |
| Operating (loss)/profit                                    | (2,308)       | 2,255        |
| Exceptional costs:   |               |              |
| Transaction and subsequent restructuring costs             | 403           | 374          |
| Cost of managing cyber security incident                   | 429           | -            |
| Customer credits for services downtime from cyber incident | 1,520         | -            |
| Cost of other customer claims from cyber incident          | 2,431         | -            |
| Depreciation   | 3,174         | 2,585        |
| Amortisation of intangible assets                          | 4,689         | 3,492        |
| Share based payment  | 975           | 731          |
| Adjusted EBITDA  | <b>11,313</b> | <b>9,437</b> |

### 3. Operating (loss)/profit

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

|   | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
|   | £'000       | £'000       |
| Auditors remuneration:                              |             |             |
| Audit of the Group and Company financial statements | 338         | 279         |
| Depreciation of property, plant and equipment       | 1,994       | 1,553       |
| Profit on disposal of tangible fixed assets         | -           | (19)        |
| Depreciation of right-of-use assets                 | 1,180       | 1,032       |
| Amortisation of intangible assets                   | 4,689       | 3,492       |
| Cost of inventory sold                              | 13,418      | 15,520      |
| Research and development costs                      | 2,205       | 2,021       |
| Foreign exchange losses                             | 165         | 211         |
| Acquisition evaluation costs and expenses           | 83          | 196         |
| In other operating income:                          |             |             |
| Other income  | (194)       | (158)       |
| Government innovation grants                        | -           | (170)       |
| Research and Development Expenditure Credit         | (445)       | (645)       |

The Group claims RDEC credits which are treated as other operating income and reflected in the profit/(loss) before tax.

## 4. Information regarding directors and employees

### Employees

The aggregate remuneration of employees comprised:

|                       | Group                             |                                   | Company                           |                                   |
|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                       | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|                       | £'000                             | £'000                             | £'000                             | £'000                             |
| Wages and salaries    | 36,794                            | 31,353                            | 900                               | 864                               |
| Social security costs | 3,591                             | 3,071                             | 109                               | 108                               |
| Pensions              | 1,424                             | 1,149                             | 27                                | 25                                |
| Share based payment   | 975                               | 731                               | 263                               | 334                               |
| <b>Total</b>          | <b>42,784</b>                     | <b>36,304</b>                     | <b>1,299</b>                      | <b>1,331</b>                      |

### Average number of employees

The average number of employees in the year was:

|                                   | Group                             |                                   | Company                           |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                   | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
| Sales, operations and development | 715                               | 629                               | -                                 | -                                 |
| Administration                    | 90                                | 86                                | 5                                 | 6                                 |
| <b>Total</b>                      | <b>805</b>                        | <b>715</b>                        | <b>5</b>                          | <b>6</b>                          |

### Directors' remuneration

|  | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|--|-----------------------------------|-----------------------------------|
|  | £'000                             | £'000                             |
| Directors' remuneration – aggregate emoluments                     | 878                               | 852                               |
| Group pension contributions in respect of 4<br>(2023: 4) directors | 26                                | 23                                |
| Share based payment  | 363                               | 334                               |
|  | <b>1,267</b>                      | <b>1,209</b>                      |
| Remuneration of the highest paid director                          | 438                               | 393                               |
| Group pension contributions  | 11                                | 11                                |
| Share based payment  | 239                               | 162                               |
|  | <b>688</b>                        | <b>566</b>                        |

Full information by director is disclosed in the remuneration report on pages 74 to 78 .

## Key management compensation

|                                   | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-----------------------------------|-----------------------------------|-----------------------------------|
|                                   | £'000                             | £'000                             |
| Short term employee benefits      | 2,614                             | 2,346                             |
| Post employment benefits          | 97                                | 71                                |
| Share based payment               | 747                               | 559                               |
| Total key management remuneration | 3,458                             | 2,976                             |

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.

## 5. Interest receivable

|                            | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|----------------------------|-----------------------------------|-----------------------------------|
|                            | £'000                             | £'000                             |
| <b>Interest receivable</b> |                                   |                                   |
| Bank interest receivable   | 287                               | 240                               |
| Loan interest receivable   | 165                               | 120                               |
|                            | <b>452</b>                        | <b>360</b>                        |

## 6. Interest payable

|   | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|---|-----------------------------------|-----------------------------------|
|   | £'000                             | £'000                             |
| <b>Interest payable</b>                                   |                                   |                                   |
| Interest and similar charges on bank and other borrowings | 116                               | 220                               |
| Lease liability financing charges                         | 134                               | 107                               |
| Other interest  | -                                 | 6                                 |
|   | <b>250</b>                        | <b>333</b>                        |

## 7. Taxation on (loss)/profit

|  | 2024         | 2023       |
|--|--------------|------------|
|  | £'000        | £'000      |
| <b>Current taxation</b>                        |              |            |
| UK corporation tax charge                      | -            | 104        |
| Foreign tax                                    | 281          | 135        |
| Adjustments in respect of previous periods     | (75)         | 8          |
|  | <b>206</b>   | <b>247</b> |
| <b>Deferred taxation</b>                       |              |            |
| Origination and reversal of timing differences | (452)        | 732        |
| Adjustments in respect of previous periods     | (35)         | (48)       |
|  | <b>(487)</b> | <b>684</b> |
| <b>Tax (credit)/charge on (loss)/profit</b>    | <b>(281)</b> | <b>931</b> |

Factors affecting the tax (credit)/charge for the year

The tax (credit)/charge on the (loss)/profit for the year differs from applying the average standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are reconciled below:

|   | 2024         | 2023       |
|---|--------------|------------|
|   | £'000        | £'000      |
| <b>(Loss)/profit before taxation</b>                  | (2,335)      | 2,507      |
| <b>Corporation tax at standard rate</b>               | (584)        | 589        |
| Factors affecting (credit)/charge for the year:       |              |            |
| Disallowable expenses                                 | 321          | 235        |
| Share of associate (loss)/profit not deductible/taxed | 57           | (53)       |
| Reassessment of share option related deferred tax     | -            | 172        |
| Other differences including capital super deductions  | -            | (26)       |
| Overseas tax rates                                    | 35           | (15)       |
| Adjustments in respect of previous periods            | (110)        | (40)       |
| Differing corporate and deferred tax rates            | -            | 69         |
| <b>Tax (credit)/charge on (loss)/profit</b>           | <b>(281)</b> | <b>931</b> |

In May 2021 a change in the corporation tax rate from 19% to 25% from April 2023 was substantively enacted in the Finance Act 2021 and accordingly has been applied to deferred tax balances at 31 December 2023 and 2024.

## 8. Earnings per share

|  | 2024    | 2023    |
|--|---------|---------|
| (Loss)/profit used in calculating EPS (£'000)            | (2,054) | 1,576   |
| Weighted average number of shares for basic EPS ('000)   | 115,946 | 115,946 |
| Weighted average number of shares for diluted EPS ('000) | 116,185 | 116,087 |
| Basic earnings per share (pence)                         | (1.77)  | 1.36    |
| Diluted earnings per share (pence)                       | (1.77)  | 1.36    |

There were 4,276,815 unexercised share options in place at 31 December 2024 (2023: 3,701,954) of which 239,462 were potentially dilutive in respect of the year (2023: 141,509 included in the weighted average for diluted EPS).

## 9. Dividends

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Final dividend of 1.725p per share paid in respect of FY23  | 2,000         | -             |
| Interim dividend of 0.57p per share paid in respect of FY24 | 661           | -             |
|   | 2,661         | -             |

The directors have proposed a final dividend for FY24 of 1.24p per share to be paid on 27 June 2025.

## 10. Property, plant and equipment

| Group                 | Freehold property | Right-of-use property | Leasehold building Improvements | Right-of-use equipment | Equipment, fixtures and fittings | Total   |
|-----------------------|-------------------|-----------------------|---------------------------------|------------------------|----------------------------------|---------|
|                       | £'000             | £'000                 | £'000                           | £'000                  | £'000                            | £'000   |
| <b>Net book value</b> |                   |                       |                                 |                        |                                  |         |
| At 1 January 2023     | 4,838             | 1,224                 | 71                              | 463                    | 1,696                            | 8,292   |
| <b>Cost</b>           |                   |                       |                                 |                        |                                  |         |
| At 1 January 2023     | 5,271             | 1,880                 | 308                             | 1,017                  | 6,422                            | 14,898  |
| Additions             | -                 | 176                   | -                               | 686                    | 2,219                            | 3,081   |
| Acquisitions          | -                 | -                     | -                               | -                      | 14                               | 14      |
| Disposals             | -                 | -                     | -                               | -                      | (1,712)                          | (1,712) |
| Reclassification      | -                 | -                     | -                               | -                      | 246                              | 246     |
| Exchange adjustments  | -                 | -                     | (19)                            | -                      | (31)                             | (50)    |
| At 31 December 2023   | 5,271             | 2,056                 | 289                             | 1,703                  | 7,158                            | 16,477  |
| <b>Depreciation</b>   |                   |                       |                                 |                        |                                  |         |
| At 1 January 2023     | 433               | 656                   | 237                             | 554                    | 4,726                            | 6,606   |
| Charge for the year   | 102               | 673                   | 52                              | 359                    | 1,399                            | 2,585   |
| Disposals             | -                 | -                     | -                               | -                      | (1,653)                          | (1,653) |
| Reclassification      | -                 | -                     | -                               | -                      | 27                               | 27      |
| Exchange adjustments  | -                 | -                     | (14)                            | -                      | (21)                             | (35)    |
| At 31 December 2023   | 535               | 1,329                 | 275                             | 913                    | 4,478                            | 7,530   |
| <b>Net book value</b> |                   |                       |                                 |                        |                                  |         |
| At 31 December 2023   | 4,736             | 727                   | 14                              | 790                    | 2,680                            | 8,947   |
| <b>Cost</b>           |                   |                       |                                 |                        |                                  |         |
| At 1 January 2024     | 5,271             | 2,056                 | 289                             | 1,703                  | 7,158                            | 16,477  |
| Additions             | -                 | 228                   | 3                               | 178                    | 1,418                            | 1,827   |
| Acquisitions          | -                 | 410                   | -                               | 108                    | 588                              | 1,106   |
| Disposals             | -                 | (844)                 | -                               | (320)                  | (216)                            | (1,380) |
| Exchange adjustments  | -                 | -                     | (3)                             | -                      | (6)                              | (9)     |
| At 31 December 2024   | 5,271             | 1,850                 | 289                             | 1,669                  | 8,942                            | 18,021  |
| <b>Depreciation</b>   |                   |                       |                                 |                        |                                  |         |
| At 1 January 2024     | 535               | 1,329                 | 275                             | 913                    | 4,478                            | 7,530   |
| Charge for the year   | 102               | 803                   | -                               | 377                    | 1,892                            | 3,174   |
| Disposals             | -                 | (844)                 | -                               | (320)                  | (214)                            | (1,378) |
| Exchange adjustments  | -                 | -                     | (3)                             | -                      | (4)                              | (7)     |
| At 31 December 2024   | 637               | 1,288                 | 272                             | 970                    | 6,152                            | 9,319   |
| <b>Net book value</b> |                   |                       |                                 |                        |                                  |         |
| At 31 December 2024   | 4,634             | 562                   | 17                              | 699                    | 2,790                            | 8,702   |

| <b>Company</b>                  | <b>Freehold property</b> |
|---------------------------------|--------------------------|
|                                 | £'000                    |
| <b>Cost</b>                     |                          |
| At 31 December 2023 and 2024    | 4,965                    |
| <b>Accumulated depreciation</b> |                          |
| At 31 December 2023             | 229                      |
| Charge for the year             | 102                      |
| At 31 December 2024             | 331                      |
| <b>Net book value</b>           |                          |
| At 31 December 2024             | 4,634                    |
| At 31 December 2023             | 4,736                    |

## 11. Intangible assets

|                        | Good-will | Customer relationships | Technology – business combinations | Brands | Total business combination assets | Developed technology | Software | Total   |
|------------------------|-----------|------------------------|------------------------------------|--------|-----------------------------------|----------------------|----------|---------|
|                        | £'000     | £'000                  | £'000                              | £'000  | £'000                             | £'000                | £'000    | £'000   |
| <b>Net book value</b>  |           |                        |                                    |        |                                   |                      |          |         |
| At 1 January 2023      | 52,778    | 13,128                 | 3,323                              | 1,955  | 71,184                            | 3,067                | 780      | 75,031  |
| <b>Cost</b>            |           |                        |                                    |        |                                   |                      |          |         |
| At 1 January 2023      | 52,778    | 17,780                 | 6,422                              | 2,711  | 79,691                            | 4,731                | 1,091    | 85,513  |
| Additions              | -         | -                      | -                                  | -      | -                                 | 2,523                | 20       | 2,543   |
| Acquisitions (note 27) | 1,513     | 406                    | 446                                | -      | 2,365                             | -                    | -        | 2,365   |
| Reclassification       | -         | -                      | -                                  | -      | -                                 | -                    | (246)    | (246)   |
| Exchange adjustments   | -         | -                      | -                                  | -      | -                                 | -                    | (1)      | (1)     |
| At 31 December 2023    | 54,291    | 18,186                 | 6,868                              | 2,711  | 82,056                            | 7,254                | 864      | 90,174  |
| <b>Amortisation</b>    |           |                        |                                    |        |                                   |                      |          |         |
| At 1 January 2023      | -         | 4,652                  | 3,099                              | 756    | 8,507                             | 1,664                | 311      | 10,482  |
| Charge for the year    | -         | 1,185                  | 818                                | 181    | 2,184                             | 1,152                | 156      | 3,492   |
| Reclassification       | -         | -                      | -                                  | -      | -                                 | -                    | (27)     | (27)    |
| Exchange adjustments   | -         | -                      | -                                  | -      | -                                 | -                    | (1)      | (1)     |
| At 31 December 2023    | -         | 5,837                  | 3,917                              | 937    | 10,691                            | 2,816                | 439      | 13,946  |
| <b>Net book value</b>  |           |                        |                                    |        |                                   |                      |          |         |
| At 31 December 2023    | 54,291    | 12,349                 | 2,951                              | 1,774  | 71,365                            | 4,438                | 425      | 76,228  |
| <b>Cost</b>            |           |                        |                                    |        |                                   |                      |          |         |
| At 1 January 2024      | 54,291    | 18,186                 | 6,868                              | 2,711  | 82,056                            | 7,254                | 864      | 90,174  |
| Additions              | -         | -                      | -                                  | -      | -                                 | 2,678                | 87       | 2,765   |
| Acquisitions (note 27) | 5,902     | 1,837                  | 1,552                              | 319    | 9,610                             | -                    | -        | 9,610   |
| At 31 December 2024    | 60,193    | 20,023                 | 8,420                              | 3,030  | 91,666                            | 9,932                | 951      | 102,549 |
| <b>Amortisation</b>    |           |                        |                                    |        |                                   |                      |          |         |
| At 1 January 2024      | -         | 5,837                  | 3,917                              | 937    | 10,691                            | 2,816                | 439      | 13,946  |
| Charge for the year    | -         | 1,376                  | 1,164                              | 284    | 2,824                             | 1,725                | 140      | 4,689   |
| At 31 December 2024    | -         | 7,213                  | 5,081                              | 1,221  | 13,515                            | 4,541                | 579      | 18,635  |
| <b>Net book value</b>  |           |                        |                                    |        |                                   |                      |          |         |
| At 31 December 2024    | 60,193    | 12,810                 | 3,339                              | 1,809  | 78,151                            | 5,391                | 372      | 83,914  |

All the goodwill is now considered to relate to the Microlise cash generating unit, following integration of acquired businesses into Microlise Limited as explained in note 1 above.

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Microlise carrying value is assessed for impairment purposes by calculating the value in use using the net present value (NPV) of future cash flows discounted at a pre-tax rate of 15.2% (2023: 17% for Microlise and TruTac businesses).

The Microlise goodwill has been tested by reference to a 3 year management approved plan and TruTac for the prior year by reference to a 3 year plan with a 2% long term growth rate considered applicable to the UK market applied to the terminal period. This includes consideration of the impact of cost inflationary pressures in the December tests and forecasts at that date and taking account of the corresponding inflationary price terms within the group's contracts with customers. The businesses achieved the FY24 forecasts used in the prior year test and no impairment is indicated although they are sensitive to forecast increases in EBITDA. The Microlise NPV including all the group trade for the 2024 test exceeds carrying values by £25m (2023: £5m for Microlise segment and £8.6m for the TruTac segment) with the overall increase reflecting an increase in overall growth over the forecast period. Reasonable changes in the discount rate or terminal growth rate do not result in a risk of impairment of goodwill.

At 31 December 2024, the Microlise forecast, subject to the impairment test to support the carrying value of goodwill, forecast over £18m and a required £14.5m of recurring long term EBITDA in 5 year's time. This compares with £11.3m on the same basis recorded for 2024 which is in line with the growth trends in the Microlise revenues, supported by significant investment in the development of technology.

## 12. Investments and loan receivables

| <b>Group</b>                 | <b>Associate</b> |
|------------------------------|------------------|
|                              | £'000            |
| At 1 January 2023            | 1,368            |
| Share of profit for the year | 225              |
| At 31 December 2023          | 1,593            |
| Share of loss for the year   | (229)            |
| At 31 December 2024          | 1,364            |

| <b>Company</b>  | <b>Sub-<br/>sidiary<br/>under-<br/>takings</b> | <b>Associate</b> | <b>Total</b>  |
|---|--|------------------|---------------|
|   | £'000  | £'000            | £'000         |
| At 1 January 2023   | 77,942   | 1,250            | 79,192        |
| Additions   | 3,132  | -                | 3,132         |
| Additions – fair value of share options held by subsidiary com-<br>pany employees | 381  | -                | 381           |
| Increase in fair value  | -  | 300              | 300           |
| At 31 December 2023   | 81,455   | 1,550            | 83,005        |
| Additions (note 27)   | 11,436   | -                | 11,436        |
| Additions – fair value of share options held by subsidiary com-<br>pany employees | 728  | -                | 728           |
| Decrease in fair value  | -  | (1,075)          | (1,075)       |
| At 31 December 2024   | <b>93,619</b>                                  | <b>475</b>       | <b>94,094</b> |

| <b>Subsidiary undertaking</b>                   | <b>Principal activity</b>                 | <b>Class of<br/>shares<br/>held</b> | <b>% share<br/>holding</b> |
|---|---|-------------------------------------|----------------------------|
| Microlise Limited                               | Transport management technology solutions | Ordinary                            | 100%                       |
| Microlise Holdings Limited                      | Intermediate holding company              | Ordinary                            | 100%                       |
| Microlise Midco Limited                         | Dormant company                           | Ordinary                            | 100%                       |
| Microlise Engineering Limited                   | Non trading company                       | Ordinary                            | 100%                       |
| TruTac Limited                                  | Dormant company                           | Ordinary                            | 100%                       |
| Enterprise Software Systems Limited             | Dormant company                           | Ordinary                            | 100%                       |
| Microlise Pty Limited (Australia)               | Transport management technology solutions | Ordinary                            | 100%                       |
| Microlise SAS (France)                          | Transport management technology solutions | Ordinary                            | 100%                       |
| Microlise Telematics Private Limited<br>(India) | Transport management technology solutions | Ordinary                            | 100%                       |
| Microlise India Private Ltd                     | Non trading company                       | Ordinary                            | 100%                       |
| Vita Software Limited                           | Dormant company                           | Ordinary                            | 100%                       |

All the UK subsidiary companies are registered in England at the same registered office as the Company. Microlise Pty Limited is registered at Level 1, 20 Albert Street, Blackburn, Victoria, 3130 Australia, Microlise SAS at Les Hauts de la Duranne, 505 Avenue Galilee, 13290 Aix-en-Provence, France, Microlise Telematics Private Limited and Microlise India Private Limited at 4<sup>th</sup> Floor, Pride Accord, Baner Road, Pune, 411045, India.

The Group agrees to guarantee the liabilities of Microlise Engineering Limited (02211125), TruTac Limited (02521511) and Enterprise Software Systems Limited (03374336) thereby allowing them to take exemption from having an audit under section 479A of the Companies Act 2006.

Investments in associates consist of a 20% 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 31 December 2024 the market value of the shareholding was £0.475m (2023: £1.55m).

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 commenced activity funded by a government grant and incurs neither a profit nor a loss. The principal place of business is Market Chambers, 2b Market Place, Shifnal, Shropshire, England, TF11 9AZ.

## Summarised financial information (material associates)

### Trakm8 Holdings plc

Trakm8 Holdings plc has a year end of 31 March, and the summarised financial information disclosed is based on their published annual statements to 31 March 2023 and 2024 together with interim financial statements to 30 September 2023 and 2024, prepared under IFRS.

|   | <b>30 September<br/>2024</b> | <b>30 September<br/>2023</b> |
|---|------------------------------|------------------------------|
|   | £'000                        | £'000                        |
| Assets – non-current                        | 27,260                       | 26,516                       |
| Assets – current                            | 7,168                        | 10,910                       |
| Liability – non-current                     | (2,549)                      | (3,255)                      |
| Liability – current                         | (13,789)                     | (14,936)                     |
| <b>Net assets (100%)</b>                    | <b>18,090</b>                | <b>19,235</b>                |
| <b>Group share of book net assets (20%)</b> | <b>3,618</b>                 | <b>3,847</b>                 |

The differing carrying value above reflects the equity accounting policy applied.

|  | <b>Year ended<br/>30 September<br/>2024</b> | <b>Year ended<br/>30 September<br/>2023</b> |
|--|---|---|
|  | £'000                                       | £'000                                       |
| Revenues                                 | 15,863                                      | 19,722                                      |
| (Loss)/profit from continuing operations | (1,180)                                     | 1,103                                       |
| Other comprehensive income/ (expense)    | 13  | (8)   |
| Total comprehensive (expense)/ income    | (1,167)                                     | 1,095                                       |

The Company also advanced £1,000,000 to Trakm8 Holdings plc in September 2022. This is a loan bearing interest at 18% (2023: 12%), repayable 14 September 2025 or convertible at the Company's option into a fixed number of ordinary shares in Trakm8 Holdings plc. It is considered that the fair value of the loan is approximately £1,000,000 and the convertible element has no separate material equity value.

**Group and company**

£'000

**At 31 December 2023 and 2024****1,000****13. Inventories**

| Group                               | 31 December<br>2024 | 31 December<br>2023 |
|-------------------------------------|---------------------|---------------------|
|                                     | £'000               | £'000               |
| Raw materials and consumables       | 1,853               | 1,331               |
| Work in progress                    | 20                  | 28                  |
| Finished goods and goods for resale | 1,339               | 1,989               |
|                                     | <b>3,212</b>        | <b>3,348</b>        |

An impairment loss of £17,000 in respect of inventory was recorded in the year ended 31 December 2024 (2023: £425,000 release).

**14. Trade and other receivables**

|   | Group               |                     | Company             |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 December<br>2024 | 31 December<br>2023 | 31 December<br>2024 | 31 December<br>2023 |
|   | £'000               | £'000               | £'000               | £'000               |
| <b>Current</b>                                |                     |                     |                     |                     |
| Trade receivables                             | 16,232              | 15,288              | -                   | -                   |
| Provision for impairment of trade receivables | (276)               | (457)               | -                   | -                   |
| Trade receivables net                         | 15,956              | 14,831              | -                   | -                   |
| Contract assets                               | 2,579               | 1,431               | -                   | -                   |
| Other receivables                             | 166                 | 222                 | -                   | -                   |
| Prepayments                                   | 2,403               | 2,273               | 51                  | 158                 |
| <b>Total</b>                                  | <b>21,104</b>       | <b>18,757</b>       | <b>51</b>           | <b>158</b>          |
| <b>Non-current</b>                            |                     |                     |                     |                     |
| Trade receivables                             | 113                 | 353                 | -                   | -                   |
| Contract assets                               | 3,088               | 2,488               | -                   | -                   |
| <b>Total</b>                                  | <b>3,201</b>        | <b>2,841</b>        | <b>-</b>            | <b>-</b>            |
| <b>Total</b>                                  | <b>24,305</b>       | <b>21,598</b>       | <b>51</b>           | <b>158</b>          |

Analysis of expected credit losses is included in note 20.

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

|                               | Year<br>ended<br>31 December<br>2024 | Year<br>ended<br>31 December<br>2023 |
|-------------------------------|--------------------------------------|--------------------------------------|
| <b>Contract assets</b>        | £'000                                | £'000                                |
| Opening balance               | 3,919                                | 3,952                                |
| Amortised to income statement | (1,425)                              | (1,774)                              |
| Incurred in the year          | 3,173                                | 1,741                                |
| <b>Closing balance</b>        | <b>5,667</b>                         | <b>3,919</b>                         |

## 15. Cash and cash equivalents

|                          | Group               |                     | Company             |                     |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
|                          | 31 December<br>2024 | 31 December<br>2023 | 31 December<br>2024 | 31 December<br>2023 |
|                          | £'000               | £'000               | £'000               | £'000               |
| Cash at bank and in hand | 11,401              | 16,800              | 55                  | 86                  |

## 16. Lease liabilities

|              | Group               |                     | Company             |                     |
|--------------|---------------------|---------------------|---------------------|---------------------|
|              | 31 December<br>2024 | 31 December<br>2023 | 31 December<br>2024 | 31 December<br>2023 |
|              | £'000               | £'000               | £'000               | £'000               |
| Current      | 809                 | 907                 | -                   | -                   |
| Non-current  | 500                 | 646                 | -                   | -                   |
| <b>Total</b> | <b>1,309</b>        | <b>1,553</b>        | <b>-</b>            | <b>-</b>            |

### 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 10. Interest expenses relating to lease liabilities are included in note 6.

Other amounts relating to leases were as follows:

|                               | 31 December<br>2024 | 31 December<br>2023 |
|-------------------------------|---------------------|---------------------|
|                               | £'000               | £'000               |
| Short term lease expense      | 317                 | 46                  |
| Total cash outflow for leases | 1,284               | 1,163               |

The maturity of lease liabilities at 31 December 2024 were as follows:

|               | <b>Property</b> | <b>Equipment and<br/>vehicles</b> | <b>Total</b> |
|---------------|-----------------|-----------------------------------|--------------|
|               | £'000           | £'000                             | £000         |
| Within 1 year | 298             | 511                               | 809          |
| 1-2 years     | 132             | 80                                | 212          |
| 2-5 years     | 267             | 21                                | 288          |
| <b>Total</b>  | <b>697</b>      | <b>612</b>                        | <b>1,309</b> |

The maturity of lease liabilities at 31 December 2023 were as follows:

|               | <b>Property</b> | <b>Equipment and<br/>vehicles</b> | <b>Total</b> |
|---------------|-----------------|-----------------------------------|--------------|
|               | £'000           | £'000                             | £000         |
| Within 1 year | 711             | 196                               | 907          |
| 1-2 years     | 370             | 85                                | 455          |
| 2-5 years     | 174             | 17                                | 191          |
| <b>Total</b>  | <b>1,255</b>    | <b>298</b>                        | <b>1,553</b> |

## 17. Trade and other payables

|                                    | <b>Group</b>                |                             | <b>Company</b>              |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | <b>31 December<br/>2024</b> | <b>31 December<br/>2023</b> | <b>31 December<br/>2024</b> | <b>31 December<br/>2023</b> |
|                                    | £'000                       | £'000                       | £'000                       | £'000                       |
| <b>Current</b>                     |                             |                             |                             |                             |
| Trade payables                     | 3,798                       | 6,372                       | 12                          | 63                          |
| Taxation and social security       | 3,208                       | 2,612                       | 35                          | 33                          |
| Amounts owed to group undertakings | -                           | -                           | 22,166                      | 14,231                      |
| Other payables                     | 874                         | 556                         | 4                           | 205                         |
| Accruals                           | 5,827                       | 4,195                       | 1,094                       | 902                         |
| Contract liabilities               | 22,702                      | 18,895                      | -                           | -                           |
| <b>Total</b>                       | <b>36,409</b>               | <b>32,630</b>               | <b>23,311</b>               | <b>15,434</b>               |
| <b>Non-current</b>                 |                             |                             |                             |                             |
| Contract liabilities               | 16,051                      | 15,587                      | -                           | -                           |
| Deferred grant income              | -                           | 114                         | -                           | -                           |
| <b>Total</b>                       | <b>16,051</b>               | <b>15,701</b>               | <b>-</b>                    | <b>-</b>                    |
| <b>Total</b>                       | <b>52,460</b>               | <b>48,331</b>               | <b>23,311</b>               | <b>15,434</b>               |

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 Group contract liabilities are as follows:

|                            | Less than one year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Total  |
|----------------------------|--------------------|-----------|-----------|-----------|-----------|--------|
| <b>At 31 December 2024</b> | £'000              | £'000     | £'000     | £'000     | £'000     | £'000  |
| Contract liabilities       | 22,702             | 7,584     | 4,191     | 3,033     | 1,243     | 38,753 |
|                            | Less than one year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Total  |
| <b>At 31 December 2023</b> | £'000              | £'000     | £'000     | £'000     | £'000     | £'000  |
| Contract liabilities       | 19,448             | 9,134     | 4,112     | 1,364     | 424       | 34,482 |

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

|   | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|---|-----------------------------------|-----------------------------------|
|   | £'000                             | £'000                             |
| <b>Revenue related contract liabilities</b> |                                   |                                   |
| Opening balance                             | (34,482)                          | (33,283)                          |
| Invoiced in the year                        | (52,089)                          | (42,813)                          |
| Recognised as revenue in the year           | 47,818                            | 41,614                            |
| Closing balance                             | (38,753)                          | (34,482)                          |

## 18. Deferred tax assets and liabilities

| Group                        | Intangible assets | Accelerated capital allowances | Freehold property | Tax losses | Other      | Total          |
|------------------------------|-------------------|--------------------------------|-------------------|------------|------------|----------------|
|                              | £'000             | £'000                          | £'000             | £'000      | £'000      | £'000          |
| At 1 January 2023            | (5,344)           | (231)                          | (1,137)           | 1,525      | 347        | (4,840)        |
| On acquisition               | (172)             | (4)                            | -                 | -          | -          | (176)          |
| RDEC credit carried forward  | -                 | -                              | -                 | -          | 84         | 84             |
| Foreign exchange movement    | -                 | -                              | -                 | -          | (6)        | (6)            |
| Credit/(charge) for the year | 182               | (240)                          | 24                | (641)      | (9)        | (684)          |
| <b>At 31 December 2023</b>   | <b>(5,334)</b>    | <b>(475)</b>                   | <b>(1,113)</b>    | <b>884</b> | <b>416</b> | <b>(5,622)</b> |
| On acquisition               | (927)             | (147)                          | -                 | -          | -          | (1,074)        |
| RDEC credit carried forward  | -                 | -                              | -                 | -          | 99         | 99             |
| Foreign exchange movement    | -                 | -                              | -                 | -          | (4)        | (4)            |
| Credit/(charge) for the year | 911               | 88                             | 27                | (460)      | (79)       | 487            |
| <b>At 31 December 2024</b>   | <b>(5,350)</b>    | <b>(534)</b>                   | <b>(1,086)</b>    | <b>424</b> | <b>432</b> | <b>(6,114)</b> |

Deferred tax has been recognised at a rate of 25% (2023: 25%).

## 19. Provisions

| <b>Group</b>               | £'000        |
|----------------------------|--------------|
| At 31 December 2023        | -            |
| Charge for the year        | 2,862        |
| Utilised in the year       | -            |
| <b>At 31 December 2024</b> | <b>2,862</b> |

As explained in note 2, the provisions arise as a result of a cyber attack incident which impacted the services provided to customers. The amount provided for, represents an estimate based on the claims submitted by customers for consequential losses from the disruption caused during the time services were not available to them. It is expected to be settled within the next year.

The provision includes uncertainties around the amounts that certain claims will be settled at based on the nature of the claim, the contractual arrangement and the evidence provided to support the claim. Independent legal advice has been sought to estimate the most likely outcome of the claim by applying a probability factor. A 5% increase in the probability factor applied would increase the provision recognised by £191,000.

A related contingent asset for insurance income has been disclosed in note 25. It is expected that the insurance proceeds will largely meet the liability and will be recognised as other income in 2025.

## 20. 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:

|                                     | <b>31 December<br/>2024</b> | <b>31 December<br/>2023</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>Recognised at amortised cost</b> | £'000                       | £'000                       |
| Cash and bank balances              | 11,401                      | 16,800                      |
| Trade receivables - net             | 16,069                      | 15,184                      |
| Other receivables                   | 1,166                       | 1,222                       |
| <b>Total financial assets</b>       | <b>28,636</b>               | <b>33,206</b>               |
| Trade payables                      | 3,798                       | 6,372                       |
| Other payables                      | 6,701                       | 4,751                       |
| Lease liabilities                   | 1,309                       | 1,553                       |
| Provisions                          | 2,862                       | -                           |
| <b>Total financial liabilities</b>  | <b>14,670</b>               | <b>12,676</b>               |

There were no assets or liabilities at 31 December 2024 or 2023 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 including 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 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 22% (2023: 24%) of the trade receivable invoiced 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:

|                                | <b>31 December</b> | <b>31 December</b> |
|--------------------------------|--------------------|--------------------|
|                                | <b>2024</b>        | <b>2023</b>        |
| Past due                       | £'000              | £'000              |
| 0-60 days                      | 4,295              | 5,202              |
| 60-120 days                    | 788                | 833                |
| 121+ days                      | 1,132              | 1,000              |
| Expected credit loss provision | (276)              | (457)              |
| <b>Total</b>                   | <b>5,939</b>       | <b>6,578</b>       |

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.

The expected credit loss provision relates to specific customers based on credit information available at the year end.

A lifetime expected loss provision has been assessed on the remaining balance of trade receivables based on historical credit losses across the customer base and this is considered immaterial.

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:

|                    | Year<br>ended<br>31 December<br>2024 | Year<br>ended<br>31 December<br>2023 |
|--------------------|--------------------------------------|--------------------------------------|
|                    | £'000                                | £'000                                |
| At start of year   | 457                                  | 402                                  |
| Provision charged  | -                                    | 55                                   |
| Utilised           | (181)                                | -                                    |
| <b>At year end</b> | <b>276</b>                           | <b>457</b>                           |

Other 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 now funds its business through equity and from cash generated from operations and also has a £20m undrawn working capital facility available. Details of the Group's borrowings are discussed in note 16. The Group monitors and manages cash 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:

|                            | Less than one<br>year | 1-2 years  | 2-5 years  | Total         |
|----------------------------|-----------------------|------------|------------|---------------|
| <b>At 31 December 2024</b> | £'000                 | £'000      | £'000      | £'000         |
| Trade and other payables   | 10,495                | -          | -          | 10,495        |
| Lease liabilities          | 892                   | 241        | 291        | 1,424         |
| <b>Total</b>               | <b>11,387</b>         | <b>241</b> | <b>291</b> | <b>11,919</b> |

|                            | Less than one<br>year | 1-2 years  | 2-5 years  | Total         |
|----------------------------|-----------------------|------------|------------|---------------|
| <b>At 31 December 2023</b> | £'000                 | £'000      | £'000      | £'000         |
| Trade and other payables   | 11,123                | -          | -          | 11,123        |
| Lease liabilities          | 1,021                 | 521        | 193        | 1,735         |
| <b>Total</b>               | <b>12,144</b>         | <b>521</b> | <b>193</b> | <b>12,858</b> |

## Interest rate risk

There are no borrowings or liabilities subject to variable interest rates.

## 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% 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 is offset by significant purchases made in dollars. 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:

|                            | <b>USD</b> | <b>Euro</b> | <b>AUD</b> | <b>INR</b> | <b>Total</b> |
|----------------------------|------------|-------------|------------|------------|--------------|
|                            | £'000      | £'000       | £'000      | £'000      | £'000        |
| <b>At 31 December 2024</b> | <b>189</b> | <b>512</b>  | <b>84</b>  | <b>433</b> | <b>1,218</b> |
| At 31 December 2023        | 4,608      | 710         | 183        | 18         | 5,519        |

## Capital management

The Group's capital comprises share capital, share premium 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 were financed from cash reserves and term bank debt which was fully repaid from the equity proceeds on listing. 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.

## 21. Pensions

### Defined contributions pension scheme

The group operates a number of defined contribution pension schemes. Contributions totalling £347,000 (2023: £278,000) were included in payables and due to the defined contribution scheme at the end of the year. The total contributions are disclosed in note 4.

## 22. Share capital

### Group and Company

| <b>Allotted, called up and fully paid</b>  | <b>At<br/>31 December<br/>2024</b> | <b>At<br/>31 December<br/>2023</b> |
|--|------------------------------------|------------------------------------|
|  | £                                  | £                                  |
| 115,945,956 ordinary shares of £0.001 each | 115,946                            | 115,946                            |

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

## 23. Share based payments

| Options             | Weighted average exercise price | Number    |
|---------------------|---------------------------------|-----------|
| At 1 January 2024   | £0.38                           | 3,701,974 |
| Granted in the year | £0.11                           | 1,534,959 |
| Lapsed in the year  | £0.08                           | (960,118) |
| At 31 December 2024 | £0.35                           | 4,276,815 |

The Company granted 1,049,226 options on 22 December 2023 to executive employees at an exercise price of £0.001 per share. They are exercisable from 31 December 2025 with 10% subject to carbon reduction targets and 90% subject to a Total Shareholder Return condition for the three years from 1 January 2023 of a minimum of 8% annual growth in the share price up to an 18% return for 100% to be exercised. The fair value of the carbon reduction target options has been assessed at an average fair value of £0.88 per option using a Black Scholes model and the TSR options at £0.17 using a Monte Carlo model, both applying a volatility of 45%, risk free rates of 3.58% and a dividend yield of 1.93%.

The Company granted 1,430,342 options on 11 March 2024 to executive employees at an exercise price of £0.001 per share. They are exercisable from 31 December 2026 with 10% subject to carbon reduction targets and 90% subject to a Total Shareholder Return condition for the three years from 1 January 2024 of a minimum of a median growth in the share price compared to a comparator group up to highest growth in the group for 100% to be exercised. The fair value of the carbon reduction target options has been assessed at an average fair value of £1.19 per option using a Black Scholes model and the TSR options at £0.78 using a Monte Carlo model, both applying a volatility of 46%, risk free rates of 4.20% and a dividend yield of 1.51%.

104,617 options were granted to employees on 16 May 2024 at an exercise price of £1.54 subject to a 3 year vesting period only. The fair value was assessed as £0.49 per option using a Black Scholes model with a volatility of 45%, risk free rates of 4.10% and a dividend yield of 1.51%.

The average vesting period for all options is estimated at 3 years and the share based payment charge was £975,000 for the year (2023: £731,000). The weighted average remaining vesting period is 1 year (2023: 1.7 years).

## 24. Capital commitments

The Group had capital commitments contracted but not provided for of £25,000 at 31 December 2024 (2023: £119,000). The company had no capital commitments (2023: £nil).

## 25. Contingencies

As disclosed in note 2, the Group was the target of a cyber-attack. Investigations to date have identified that some limited employee data and corporate data was impacted by the incident, but no customer systems data was compromised. Discussions continue to be held with the Information Commissioner's Office (ICO) and no provision has been recognised in the financial year for any penalties. The merit, likely outcome and potential impact on the Group of the investigation by the ICO and any future customer claims arising are still subject to a number of significant uncertainties and therefore, any assessment of the likely outcome or quantum cannot be made at the date of disclosure.

The Group incurred exceptional costs for professional and related fees in respect of managing the technical restoration of services and has provided for customer claims. The Group considers that its related insurance policies cover these liabilities and that it is likely to be reimbursed a materially similar amount of income in due course once

the insurance claims are evaluated and processed. Confirmation that the policies cover the circumstances was received after the reporting date and in accordance with IAS 37 this is therefore determined to be a contingent asset for the purpose of these financial statements. The income from the insurance proceeds will be recognised in the next financial period.

## 26. Related party transactions

The remuneration of key management personnel and directors is set out in note 4 and transactions with the associate in note 11.

## 27. Business combinations

On 10 January 2024, the group acquired 100% of Enterprise Software Systems Limited ('ESS'), a leading provider of transportation management system solutions. The acquisition is expected to further expand Microlise's suite of transport technology solutions. The total consideration of £11,436,000 included £850,000 of deferred consideration paid six months after the date of acquisition. The acquisition was funded from the Group's cash resources and the identifiable assets acquired included £4,373,000 of cash of which £3,500,000 was considered to be excess cash. The goodwill arising of £5,902,000 is attributable to the workforce, synergies and expected future growth in customers and earnings. The transaction has been accounted for under the purchase method of accounting. The principal adjustments are in respect of the intangible fixed assets of £3,708,000 acquired in relation to the brand, technology and customer relationships, together with the related deferred taxation liability of £927,000.

The brand acquired is valued at £319,000 on a relief from royalty method and with a deemed useful life of 3 years and technology acquired is valued at £1,552,000, valued on a cost savings method with a deemed useful life of 5 years. Customer relationships have been valued at £1,837,000 using a multi-period excess earnings method approach, with a useful life of 10 years assumed in line with the existing trends.

Synergies are expected to arise by combining the management of operations and providing a broader service offering to all Group customers with the trade and assets of ESS transferred to Microlise Limited on 31 May 2024 and as such it is not possible to separately identify the post acquisition profit included in the consolidated statement of comprehensive income. ESS has contributed £4,836,000 of revenue included in the consolidated income statement from 10 January 2024 to 31 December 2024. Had ESS been consolidated from 1 January 2024, the additional contribution to results from 10 days trading would have been negligible.

The fair value of the assets and liabilities acquired were as follows:

|   | Book value | Fair value adjustments | Fair value   |
|---|------------|------------------------|--------------|
|   | £'000      | £'000                  | £'000        |
| Intangible assets – customer, tradename, technology | -          | 3,708                  | 3,708        |
| Property, plant and equipment                       | 1,106      | -                      | 1,106        |
| Cash and cash equivalents                           | 4,373      | -                      | 4,373        |
| Receivables   | 1,032      | -                      | 1,032        |
| Payables  | (3,043)    | -                      | (3,043)      |
| Lease liabilities                                   | (500)      | -                      | (500)        |
| Corporation tax                                     | (68)       | -                      | (68)         |
| Deferred tax  | (147)      | (927)                  | (1,074)      |
|   |            |                        | <b>5,534</b> |
| Goodwill  |            |                        | 5,902        |

The cash outflow, net of cash acquired, at the date of acquisition was £6,295,000 with £850,000 of deferred consideration payable in July 2024. The deferred consideration was not discounted on the basis of materiality.

Acquisition costs of £0.3m were incurred relating to the acquisition with £0.2m incurred and expensed in the year ended 31 December 2023 and £0.1m in the year ended 31 December 2024. Other than the acquisition costs the acquisition was not included in the reported results for the year ended 31 December 2023.

### Prior year combinations

On 13 March 2023, the Group acquired the entire share capital of Vita Software Limited, a provider of fleet logistics services for consideration of £3,123,000. The goodwill arising of £1,513,000 is attributable to the workforce, synergies 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 £283,000 in respect of the technology and £406,000 of customer relationships together with the related deferred taxation liability of £172,000.

The Vita software business has been transferred and integrated into Microlise Limited and as such it is not possible to separately identify the post acquisition results.

Had Vita been consolidated from 1 January 2023 it would have contributed another £104,000 of revenue and a further profit before tax of £60,000 to the year (excluding acquisition expenses and amortisation of intangible assets arising on consolidation).

|   | Book value | Fair value adjustments | Fair value   |
|---|------------|------------------------|--------------|
|   | £'000      | £'000                  | £'000        |
| Intangible assets                           | -          | 689                    | 689          |
| Property, plant and equipment               | 14         | -                      | 14           |
| Cash and cash equivalents                   | 1,120      | -                      | 1,120        |
| Receivables                                 | 94         | -                      | 94           |
| Payables                                    | (45)       | -                      | (45)         |
| Corporation tax                             | (86)       | -                      | (86)         |
| Deferred taxation liability                 | (4)        | (172)                  | (176)        |
| Net assets acquired                         |            |                        | <b>1,610</b> |
| Goodwill                                    |            |                        | 1,513        |
|   |            |                        | <b>3,123</b> |
| Consideration satisfied by:                 |            |                        |              |
| Cash  |            |                        | 2,923        |
| Deferred consideration (payable March 2024) |            |                        | 200          |
|   |            |                        | <b>3,123</b> |

The Group incurred acquisition related costs of £0.1m 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.

The Group also acquired another small business in the year comprising only intangible assets of £163,000

# Company Information



# Notice of AGM

The AGM will be held at Microlise's head office at 9:00am on 28 May 2025.

There will be an option to join. The notice of the AGM is available on the Group's website and sets out the business of the meeting and an explanatory note. In line with good governance, voting on all resolutions at this year's AGM will be conducted by way of a poll. Should a shareholder have a question that they would have raised at the meeting, they are able to send this by email to [microlise@secnewgate.co.uk](mailto:microlise@secnewgate.co.uk).

Answers to questions will be published on the website following the AGM.

## Other Information

### Directors

Nadeem Raza  
Nick Wightman  
Jon Lee  
Dino Rocos  
Lucy Sharman-Munday

### Company Secretary

Nick Wightman

### Company Number

11553192

### Registered Office

Farrington Way  
Eastwood  
Nottingham  
NG16 3AG

### Nominated Advisor & Broker

Singer Capital markets  
1 Bartholomew Lane  
London  
EC2N 2AX

### Banker

HSBC UK Bank PLC  
East Midlands Corporate Banking Centre  
Second Floor, Donington Court  
Pegasus Business Park  
Castle Donington  
DE74 2BU

### Registrars

Link Group  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Legal Advisors

DWF Law LLP  
1 Snow Hill  
Queensway  
Birmingham  
B4 6GA

### Independent Auditor




BDO LLP  
2 Snow Hill  
Queensway  
Birmingham  
B4 6GA



Microlise Limited

Farrington Way, Eastwood, Nottinghamshire, NG16 3AG

Registered in England & Wales with Company No. 03037936

 +44 (0)1773 537000  [enquiries@microlise.com](mailto:enquiries@microlise.com)  [www.microlise.com](http://www.microlise.com)

Microlise Group PLC

Farrington Way, Eastwood, Nottinghamshire, NG16 3AG

Registered in England & Wales with Company No. 11553192