

Registered number: 12591006

ADDSECURE HOLDCO LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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ADDSECURE HOLDCO LIMITED

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ADDSECURE HOLDCO LIMITED

COMPANY INFORMATION

Directors	C S B Odman P S Lawrence
Company secretary	T Ferguson (appointed 2 January 2023)
Registered number	12591008
Registered office	36 Queensbridge Northampton Northamptonshire NN4 7BF
Independent auditor	Ernst & Young LLP One Cambridge Business Park Cowley Road Cambridge CB4 0WZ

ADDSECURE HOLDCO LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The directors present their Group Strategic Report for the year ended 31 December 2022.

Review of business

The Addsecure Holdco Limited Group provides connected vehicle solutions to commercial fleets in the UK, Australia and North America. The Group's core solutions include driver behavior, journey management, hours of service, electronic proof of delivery, integrated vision systems and driver connect that integrate with fleets day to day operations. These solutions enable customers greater driver and vehicle productivity along with improved safety and regulatory compliance. The Group was formed in 2020 through the acquisition and consolidation of two well established groups operating in the telematics market, namely Connexas Holdings Limited group and HT&KR Holdings Limited group. Both groups had well established customer bases and existing operating models. Throughout the current year the Directors have sought to generate synergy benefits from these groups combining under the Addsecure Group and develop the Group as a whole given there have remained a number of trading entities. As the year has progressed, certain processes and activities have been combined to enable future growth capacity and efficiency of delivery.

In the current group structure, the Directors had anticipated strong growth, however, the Covid-19 pandemic continued to impact the group and its customers significantly as whilst it had meant increased demand for many logistics operators into which the group supplies, there was relatively little investment and roll out of programmes as many focussed on delivery to customers. Ensuring a consistent high level of service within the restrictions caused by the pandemic, alongside dealing with the economic and inflationary headwinds that filtered through the global economy, meant that the level of new large contract wins was restricted. Given the nature of the Group's business, with many contracts running over multiple years, there was some insulation against the pandemic and market challenges but still the revenue of £14.8m (2021: £20.4m) was below expectations and the operating loss of £7.6m compared to the prior year of £49.4m (after an impairment charge of £43.4m) illustrates the challenges faced.

This reflected the ongoing challenges into 2023 because of legacy impact of the pandemic, the worsening geo-political environment and inflationary pressures. The Directors have taken a conservative view within their forecasts, underpinning the impairment in 2021, and believe that no further such charges will be required given the current trading performance. The directors are optimistic that many changes put in place to harmonise processes and procedures within the Group, as well as a strategic growth plan, will enable future growth and profitability. This is supported through the group's continued investment in the development of new products and services and the ongoing harmonisation of the group's activities with a broader service offering to customers.

ADDSECURE HOLDCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties**Competitive risks**

The sector in which the group operates is competitive. The group develops its products and services to address this risk and provide opportunities to win new customers. It also focused on providing good service levels to its existing customers.

Asset price volatility

The recent general trend in hardware prices to decrease has reversed during the year. The group does not manufacture hardware and is therefore insulated from the effects of this to an extent. Contractual terms with customers average four to five years, which also offers some protection of recurring revenues.

Credit risk

The group trades with recognized creditworthy customers, many of whom are reputable blue-chip companies, the majority of whom have been customers over a number of years. All new customers who wish to take on credit terms are subject to credit verification procedures and credit limits and payment performance carefully monitored on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the group might encounter difficulty in meeting its obligations associated with financial liabilities. The group continually monitors this and aims to mitigate liquidity risk by carefully managing working capital, cash generation and detailed cash forecasting.

Foreign exchange risk

The group buys a number of products in foreign currencies which are typically purchased at spot rate. The group also receives revenues in foreign currencies in Europe, North America (United States and Canadian dollar) and Australia. This helps match against costs incurred in those foreign currencies. The group regularly reviews its foreign currency exposure.

Financial key performance indicators

The directors monitor a number of key performance indicators of the Group. These are detailed below:

Turnover:	2022: £14.8m	(2021: £20.4m)
Operating loss:	2022: (£7.6m)	(2021: (£49.4m))

This report was approved by the board and signed on its behalf.



P S Lawrence
Director

Date: 14/12/2023

ADDSECURE HOLDCO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report, the consolidated financial statements and the company 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 have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and the Group 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 for the Company and the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether 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 Company and the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £10,629,000 (2021 - £51,377,000).

No dividends will be distributed for the period ended 31 December 2022.

ADDSECURE HOLDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going concern

Whilst the Group has not experienced growth in contracts, revenue and profits in line with expectations, this has been partly due to the legacy impact of the Covid-19 pandemic and the resulting challenging economic environment. Whilst the nature of the Group's business, with long term contractual arrangements, has insulated the Group to some extent, the development of new large customers has been restricted. This continued into 2023 with the Covid-19 impact being replaced by challenges arising from the geopolitical environment and inflationary pressures. Notwithstanding this, the Directors are confident that they have put in place mitigating factors to facilitate the profitability of the Group going forward.

The directors have prepared budgets and forecasts, including downside scenarios, for the going concern assessment including future funding requirements for the period of one year from approval of the financial statements (the 'going concern assessment period'). Whilst the directors are confident that the Company and the Group has sufficient working capital to meet liabilities as they fall due throughout this period, they have obtained a letter of support from their parent company, AddSecure TopCo AB, indicating that they can and will provide financial and other support as necessary for the company and the Group to meet their liabilities as they fall due throughout the going concern assessment period.

Based on the approved forecasts, including downside scenarios, and taking into account the letter of group support noted above, with the directors having obtained sufficient assurance over the ability of AddSecure TopCo AB to provide said support, the directors consider that the Group and Company has sufficient funding to support the Group's and Company's continued investment in its software portfolio and to meet their liabilities as they fall due for the going concern assessment period.

On this basis, and the Group's and Company's ability to manage its discretionary costs should they be required to, the directors consider it appropriate to prepare these financial statements on a going concern basis.

Directors

The Directors who served during the year were:

R H Pedersen (resigned 15 February 2023)
T S Albertsson (resigned 15 February 2023)
A W Overton (resigned 31 July 2022)
A Shaw (resigned 14 November 2022)
C S B Odman
P S Lawrence (appointed 18 July 2022)

Future developments

The directors anticipate the business environment will remain competitive. They believe that the group is in a good financial position and that the risks that have been identified are being well managed. With careful focus on appropriate diversification and development of new products and services, as well as continuing review of the state of the markets and the activities of competitors, the directors are confident in the group's ability to maintain and build on this position, albeit with cautious growth expectations.

Qualifying third party indemnity provisions

The Company has arranged an indemnity for all its Directors to provide cover against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The indemnity, which constitutes a qualifying third party indemnity provision, was in force during the financial year and remains in force at the date of approval of the directors' report for all current and past directors.

ADDSECURE HOLDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Ferguson
Secretary

Date: 14 DECEMBER 2023.

ADDSECURE HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADDSECURE HOLDCO LIMITED

Opinion

We have audited the financial statements of AddSecure Holdco Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise of the Group Statement of Comprehensive Income, Group and parent company Balance Sheet, the Group and parent company Statement of Changes in Equity, Group Statement of Cash Flows, the Group Analysis of Net Debt and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the group 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 parent company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

ADDSECURE HOLDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADDSECURE HOLDCO LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

ADDSECURE HOLDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADDSECURE HOLDCO LIMITED
(CONTINUED)**

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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Group and Company has to comply with laws and regulations relating to its operations, including health and safety, employees and GDPR.
- We understood how Addsecure Holdco Limited is complying with those frameworks by verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations has been covered through inquiry with management and the directors. We gained an understanding of the governance and oversight controls operated by management at the entity level and reviewed board minutes and correspondence with relevant authorities with no indication of non-compliance identified.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies and making enquiries of management and the directors to complement our understanding surrounding the entity's policies and procedures on fraud risk areas.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:

ADDSECURE HOLDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADDSECURE HOLDCO LIMITED
(CONTINUED)**

- Assessing the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and the directors to understand where they considered there was susceptibility to fraud, alongside our own independent considerations. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud. We gained an understanding as to how those procedures and controls are implemented and monitored. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.
- Reading minutes of meetings of those charged with governance where available.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness. This included consideration of the fraud risk relating to the improper recognition of revenue, through performing audit procedures on sales and manual journals posted in this area.
- Evaluating the business rationale of significant transactions outside the normal course of business; and
- Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kester Rogers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 14 December 2023

ADDSECURE HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	14,803	20,440
Cost of sales		(10,040)	(10,123)
Gross profit		4,763	10,317
Administrative expenses		(12,568)	(16,454)
Impairment of intangible fixed assets	6	-	(43,424)
Other operating income	5	161	196
Operating loss	6	(7,645)	(49,365)
Interest receivable and similar income	10	-	9
Interest payable and similar expenses		(2,795)	(2,245)
Loss before taxation		(10,440)	(51,601)
Tax on loss	12	(189)	224
Loss for the financial year		(10,629)	(51,377)
Total comprehensive income for the year		(10,629)	(51,377)
(Loss) for the year attributable to:			
Owners of the parent Company		(10,629)	(51,377)
		(10,629)	(51,377)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(10,629)	(51,377)
		(10,629)	(51,377)

The notes on pages 19 to 43 form part of these financial statements.

ADDSECURE HOLDCO LIMITED
REGISTERED NUMBER: 12591006

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	6,102	6,444
Tangible assets	14	49	103
		<u>6,151</u>	<u>6,547</u>
Current assets			
Stocks	16	1,301	2,132
Debtors: amounts falling due within one year	17	8,024	14,214
Cash at bank and in hand	18	1,017	859
		<u>10,342</u>	<u>17,205</u>
Creditors: amounts falling due within one year	19	(16,154)	(12,813)
Net current (liabilities)/assets		<u>(5,812)</u>	<u>4,392</u>
Total assets less current liabilities		<u>339</u>	<u>10,939</u>
Creditors: amounts falling due after more than one year	20	(29,345)	(29,192)
Provisions for liabilities			
Deferred taxation	23	(478)	(602)
		<u>(478)</u>	<u>(602)</u>
Net liabilities		<u>(29,484)</u>	<u>(18,855)</u>
Capital and reserves			
Called up share capital	24	-	-
Other reserves	25	35,451	35,451
Profit and loss account	25	(64,935)	(54,306)
		<u>(29,484)</u>	<u>(18,855)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P S Lawrence
Director

Date:

14/12/2023
The notes on pages 19 to 43 form part of these financial statements.

ADDSECURE HOLDCO LIMITED
REGISTERED NUMBER: 12591006

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	15	6,444	6,444
Current assets			
Debtors: amounts falling due within one year	17	22,140	23,188
Cash at bank and in hand	18	13	59
		<u>22,153</u>	<u>23,247</u>
Creditors: amounts falling due within one year	19	(7,973)	(5,470)
Net current assets		<u>14,180</u>	<u>17,777</u>
Total assets less current liabilities		<u>20,624</u>	<u>24,221</u>
Creditors: amounts falling due after more than one year	20	(29,345)	(29,192)
Net liabilities		<u>(8,721)</u>	<u>(4,971)</u>
Capital and reserves			
Called up share capital	24	-	-
Other reserves	25	35,451	35,451
Profit and loss account		(44,172)	(40,422)
		<u>(8,721)</u>	<u>(4,971)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P S Lawrence
Director

Date:

14/12/2023

The notes on pages 19 to 43 form part of these financial statements.

ADDSECURE HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	-	35,451	(2,929)	32,522
Comprehensive income for the year				
Loss for the year	-	-	(51,377)	(51,377)
Total comprehensive income for the year	-		(51,377)	(51,377)
At 1 January 2022	-	35,451	(54,306)	(18,855)
Comprehensive income for the year				
Loss for the year	-	-	(10,629)	(10,629)
Total comprehensive income for the year	-	-	(10,629)	(10,629)
At 31 December 2022	-	35,451	(64,935)	(29,484)

ADDSECURE HOLDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	-	35,451	(1,229)	34,222
Comprehensive income for the year				
Loss for the year	-	-	(39,193)	(39,193)
Total comprehensive income for the year	-	-	(39,193)	(39,193)
At 1 January 2022	-	35,451	(40,422)	(4,971)
Comprehensive income for the year				
Loss for the year	-	-	(3,750)	(3,750)
Total comprehensive income for the year	-	-	(3,750)	(3,750)
At 31 December 2022	-	35,451	(44,172)	(8,721)

The notes on pages 19 to 43 form part of these financial statements.

ADDSECURE HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Loss for the financial year		(10,629)	(51,377)
Adjustments for:			
Amortisation of intangible assets	13	1,756	7,312
Impairment of intangible fixed assets	6	-	43,424
Reversal of contingent consideration	6	-	1,217
Depreciation of tangible assets	14	44	70
Loss on disposal of tangible assets		(25)	(4)
Interest paid	11	2,795	2,245
Interest received	10	-	(9)
Taxation charge	12	189	(224)
Decrease/(increase) in stocks		831	(319)
Decrease/(increase) in debtors		6,190	(778)
Increase in creditors		3,067	1,348
Corporation tax (paid)/received		(294)	-
Differences on foreign exchange	6	486	(123)
R&D expenditure credits	5	(161)	(196)
Net cash generated from operating activities		4,249	2,586
Cash flows from investing activities			
Purchase of intangible fixed assets	13	(1,414)	(1,616)
Purchase of tangible fixed assets	14	(15)	(38)
Interest received	10	-	9
HP interest paid	11	-	(6)
Net cash used in investing activities		(1,429)	(1,651)

ADDSECURE HOLDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
Cash flows from financing activities			
New secured loans	21	153	-
Repayment of loans	21	(9)	(109)
Repayment of/new finance leases	19	(11)	(23)
Interest paid	11	(2,795)	(2,239)
Net cash used in financing activities		(2,662)	(2,371)
Net increase/(decrease) in cash and cash equivalents		158	(1,436)
Cash and cash equivalents at beginning of year	18	859	2,295
Cash and cash equivalents at the end of year		<u>1,017</u>	<u>859</u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		<u>1,017</u>	<u>859</u>

ADDSECURE HOLDCO LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £000	Cash flows £000	At 31 December 2022 £000
Cash at bank and in hand	859	158	1,017
Debt due after 1 year	(29,192)	(153)	(29,345)
Debt due within 1 year	(44)	9	(35)
Finance leases	(13)	11	(2)
	<u>(28,390)</u>	<u>25</u>	<u>(28,365)</u>

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General Information

AddSecure Holdco Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within those accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The company incurred a loss in the year of £3,750,000.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

Whilst the Group has not experienced growth in contracts, revenue and profits in line with expectations, this has been partly due to the legacy impact of the Covid-19 pandemic and the resulting challenging economic environment. Whilst the nature of the Group's business, with long term contractual arrangements, has insulated the Group to some extent, the development of new large customers has been restricted. This continued into 2023 with the Covid-19 impact being replaced by challenges arising from the geopolitical environment and inflationary pressures. Notwithstanding this, the Directors are confident that they have put in place mitigating factors to facilitate the profitability of the Group going forward.

The directors have prepared budgets and forecasts, including downside scenarios, for the going concern assessment including future funding requirements for the period of one year from approval of the financial statements (the 'going concern assessment period'). Whilst the directors are confident that the Group has sufficient working capital to meet liabilities as they fall due throughout this period, they have obtained a letter of support from their parent company, AddSecure TopCo AB. Indicating that they can and will provide financial and other support as necessary for the company and the Group to meet their liabilities as they fall due throughout the going concern assessment period.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Going concern (continued)**

Based on the approved forecasts, including downside scenarios, and taking into account the letter of group support noted above, with the directors having obtained sufficient assurance over the ability of AddSecure TopCo AB to provide said support, the directors consider that the Group and Company has sufficient funding to support the Group's and Company's continued investment in its software portfolio and to meet their liabilities as they fall due for the going concern assessment period.

On this basis, and the Group's and Company's ability to manage its discretionary costs should they be required to, the directors consider it appropriate to prepare these financial statements on a going concern basis.

2.4 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Revenue

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes.

When the Group enters into a contract with a customer, the separate performance obligations of the contract are identified. The goods and/or services required to be delivered under the contract are identified as separate performance obligations if the customer can benefit from the goods/services in the contract. Performance obligations under the contract can include the sale of hardware, installation services, provision of telematics services and development/project management work.

Each performance obligation is allocated a transaction price. Where available, this transaction price is based on the stand-alone selling price of the product/services provided. If the stand-alone selling price is not available, the selling price is determined by a cost plus margin method. Margin is determined by reference to the margins the Group would achieve by selling the same product/service to a similar customer.

Revenue is recognised for each performance obligation in a contract as follows:

Sale of equipment - Revenue from the sale of equipment is recognised when the significant risks and rewards of ownership of the equipment have been passed to the buyer, usually on the delivery date.

Installation of equipment - Revenue from the installation of equipment is recognised when the installation of work is performed.

Provision of services - Revenue from telematics services and the provision of general services is recognised over the period in which the service is provided, starting from when the service was made available for use. The method for determining the stage of completion for transactions involving the rendering of services is based upon the underlying contractual agreement held with the relevant customer.

2.6 Sales commissions

The Group holds commission costs associated with the securing of contracts as a current asset and defers recognition of the operating cost to match the revenue recognised. Any commission relating to a lost customer are immediately taken to operating costs. Commissions can be clawed back at the discretion of management.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.8 Leased assets: the Group as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.14 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents and licences	-	5 - 12 years straight line basis
Development costs	-	5 years straight line basis
Goodwill	-	10 years straight line basis
Computer software	-	3 years straight line basis

Computer software

Computer software licences are shown at historical cost. Computer software licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the products so that they will be available for use;
- Management intends to complete the products and use them or sell them;
- There is an ability to use or sell the products;
- It can be demonstrated how the products will generate probable future economic benefit;
- Adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- The expenditure attributable to the products during their development can be reliably measured.

Patents and licences

Trademarks, licences (including software) and customer-related intangible assets acquired separately are shown at historic cost. These assets have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Trademarks, licences (including software) and customer-related intangible assets acquired in business combinations are recognised at fair value at acquisition date.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the life of the lease
Engineering equipment	- Over the life of the contract (3 - 5 years straight line)
Motor vehicles	- 4 years reducing balance
Fixtures and fittings	- 4 years straight line basis
Revenue earning equipment	- 2 years straight line basis
Computer equipment	- 3 years straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

Stock relates to telematics hardware and is stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost includes all costs incurred in bringing each product to its present condition and location. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.19 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an **out-right short-term loan that is not at market rate**, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reporting for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. The most significant areas of estimation for the Group and the Company are as follows:

Impairment of goodwill and investments

Annually, the Group considers whether its goodwill and investments are impaired. Where an indication of impairment is identified the estimation of recoverable value of the investment is considered. This requires estimation of the future cash flows from the relevant CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors

The Group makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

Valuation of inventory

The Group sells advanced vehicle tracking and camera units. As technology develops, management believe it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating whether inventory should be provided for, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated selling price of the products.

Recoverability of capitalised development cost

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, or that the costs cannot be recovered, then the amortisation rate is amended to reflect this. The current life of 5 years is deemed by management to be a prudent estimate of the useful life of products developed.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£000	£000
Sale of goods	4,811	7,337
Rendering of services	9,992	13,103
	<u>14,803</u>	<u>20,440</u>

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	12,633	18,901
Rest of Europe	508	346
Rest of the world	1,662	1,193
	<u>14,803</u>	<u>20,440</u>

5. Other operating income

	2022	2021
	£000	£000
R&D expenditure credits	<u>161</u>	<u>196</u>

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Operating loss

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

	2022 £000	2021 £000
Impairment of intangibles (note 13)	-	43,424
Reversal of contingent consideration (note 13)	-	1,217
Goodwill amortisation (note 13)	-	5,121
Patents and licences amortisation (note 13)	2	2
Developments costs amortisation (note 13)	1,738	2,184
Computer software amortisation (note 13)	16	5
Depreciation (note 14)	43	70
Exchange differences	486	(123)
Other operating lease rentals (note 29)	<u>344</u>	<u>217</u>

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	191	108

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	5,559	4,908	-	-
Social security costs	644	482	-	-
Cost of defined contribution scheme	116	71	-	-
	<u>6,319</u>	<u>5,461</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Corporate services	14	17
Customer services and Operations	56	66
Development and IT	44	33
Sales and Marketing	13	22
	<u>127</u>	<u>138</u>

The Company has no employees other than directors. The directors did not receive any remuneration in respect of services to the company but do receive remuneration in relation to the services to the group.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	357	324
Group contributions to defined contribution pension schemes	3	3
	<u>360</u>	<u>327</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £162,000 (2021 - £180,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,000 (2021 - £2,000).

There were no amounts paid to or receivable by directors in relation to long term incentive schemes.

10. Interest receivable

	2022	2021
	£000	£000
Interest receivable from group companies	<u>-</u>	<u>9</u>

11. Interest payable and similar expenses

	2022	2021
	£000	£000
Other loan interest payable	2,383	2,003
Interest payable to parent company	413	236
Finance leases and hire purchase contracts	-	6
	<u>2,795</u>	<u>2,245</u>

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	327	-
Adjustments in respect of previous periods	(14)	131
Total current tax	<u>313</u>	<u>131</u>
Deferred tax		
Origination and reversal of timing differences	(124)	(355)
Total deferred tax	<u>(124)</u>	<u>(355)</u>
Taxation on profit/(loss) on ordinary activities	<u>189</u>	<u>(224)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Loss on ordinary activities before tax	<u>(10,440)</u>	<u>(51,602)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,984)	(9,804)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	159	9,154
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5	68
Capital allowances for year in excess of depreciation	-	(60)
Utilisation of tax losses	(177)	(156)
Higher rate taxes on overseas earnings	145	-
Adjustments to tax charge in respect of prior periods	(14)	131
Unrelieved tax losses carried forward	2,336	743
Capitalised revenue expenditure	(281)	(300)
Total tax charge for the year	<u>189</u>	<u>(224)</u>

Factors that may affect future tax charges

The Finance Bill 2021 had its third reading on 24 May 2021 and was then considered to be substantively enacted; the Finance Act 2021 receiving Royal Assent on 10 June 2021. This included 25% as the main rate of corporation tax relevant for periods on or after 1 April 2023 to be reflected in gains on any asset sales or timing differences expected to reverse after that date.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Intangible assets**Group**

	Patents & Licenses £000	Development costs £000	Computer software £000	Goodwill £000	Total £000
Cost					
At 1 January 2022	11	13,033	273	49,324	62,641
Additions	-	1,405	9	-	1,414
At 31 December 2022	11	14,438	282	49,324	64,055
Amortisation					
At 1 January 2022	8	6,683	182	49,324	56,197
Charge for the year on owned assets	2	1,738	16	-	1,756
At 31 December 2022	10	8,421	198	49,324	57,953
Net book value					
At 31 December 2022	1	6,017	84	-	6,102
At 31 December 2021	3	6,350	91	-	6,444

Amortisation costs in respect of intangible assets have been charged to administrative expenses in the period.

During the year, the Group considered that the internal development costs being incurred in respect of the **development of new products** met the necessary criteria for recognition as intangible assets detailed in the accounting policies in note 2. Accordingly, additions of £1,405,000 were recognised which are being amortised over a five year period.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Tangible fixed assets

Group

	Leasehold improvements £000	Engineering equipment £000	Motor vehicles £000	Fixtures and fittings £000	Revenue earning equipment £000	Computer equipment £000	Total £000
Cost or valuation							
At 1 January 2022	11	210	75	238	233	804	1,571
Additions	-	3	-	12	-	-	15
Disposal	-	-	-	-	-	(99)	(99)
At 31 December 2022	11	213	75	250	233	705	1,487
Depreciation							
At 1 January 2022	11	207	53	196	215	786	1,468
Charge for the year	-	2	9	18	-	15	44
Disposal	-	1	10	(7)	18	(96)	(74)
At 31 December 2022	11	210	72	205	233	705	1,436
Net book value							
At 31 December 2022	-	3	3	43	-	-	49
At 31 December 2021	-	3	22	42	18	18	103

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Fixed asset Investments**Company**

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	42,959
At 31 December 2022	42,959
Impairment	
At 1 January 2022	36,515
At 31 December 2022	36,515
Net book value	
At 31 December 2022	6,444
At 31 December 2021	6,444

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Fixed asset investments (continued)
Subsidiary undertakings (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Connexas Holdings Limited	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
AddSecure Smart Transport UK Ltd*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Verilocation Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Alcolock GB Ltd*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Seven Transcan Limited* (** See note below)	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Isotrak Inc*	3455 Peachtree Road, Suite 500, Atlanta, GA, 30326, USA	Ordinary	100 %
Isotrak Solutions Canada Limited*	1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, BC V7X1T2, Canada	Ordinary	100 %
Isotrak Solutions Australia Pty Limited*	18 Manufacturer Drive, Molendinar, Queensland 4214, Australia	Ordinary	100 %
Seven Eye Limited* (** See note below)	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Transcan Limited* (** See note below)	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Fixed asset investments (continued)
Subsidiary undertakings (continued)**

Structured Systems Limited* (** See note below)	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Seven Telematics Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
HT&KR Holdings Ltd	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Rainkine Thompson Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Hubio Fleet Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100 %
Rainkine Thompson Australia Pty Ltd*	501 Church Street, Richmond, Melbourne, 3121, Australia	Ordinary	100 %

* Indirect holdings

** After the year end, on 16 May 2023, these companies have been formally struck off.

The principal activity of Connexas Holdings Limited and HT&KR Holdings Ltd is that of a holding company.

The principal activity of Isotrak Limited, Isotrak Inc, Isotrak Solutions Canada Limited, Isotrak Solutions Australia Pty Limited, Veriocation Limited, Rainkine Thompson Limited, Rainkine Thompson Australia Pty Ltd and Hubio Fleet Limited is the provision of transport management systems and services.

The principal activity of Alcolock GB Limited is the retail of mobile alcohol detection units.

Seven Transcan Limited, Seven Eye Limited, Transcan Limited and Structured Systems Limited are all dormant.

The principal activity of Seven Telematics Limited is the production of temperature monitoring industrial instrumentation, together with asset tracking solutions.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Stocks

	Group 2022 £000	Group 2021 £000
Finished goods and spares	1,301	2,132

Inventories are stated after a provision for slow moving and obsolete stock of £290,000 (2021 - £514,000).

17. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	2,482	2,753	-	-
Amounts owed by group undertakings	2	135	20,565	20,662
Other debtors	355	3,125	15	550
Prepayments and accrued income	5,185	8,201	1,560	1,976
	8,024	14,214	22,140	23,188

Trade debtors are stated after provisions for impairment of £671,000 (2021 - £442,000).

18. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	1,017	859	13	59

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans	35	44	-	-
Trade creditors	2,347	2,773	57	22
Amounts owed to group undertakings	7,841	4,422	7,379	5,170
Amounts owed to parent undertakings	2,911	416	153	-
Corporation tax	320	26	-	-
Other taxation and social security	803	3,029	-	-
Obligations under finance lease and hire purchase contracts	2	13	-	-
Other creditors	167	23	-	6
Accruals and deferred income	1,728	2,067	384	272
	16,154	12,813	7,973	5,470

The bank loan is secured by way of a fixed and floating charge over the undertaking and all property and assets present and future of Rainkine Thompson Limited.

Obligations under finance lease and hire purchase contracts are secured on the fixed assets to which they relate.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Other loans	<u>29,345</u>	<u>29,192</u>	<u>29,345</u>	<u>29,192</u>

The other loans are secured by way of a fixed and floating charge over all the property and undertakings of the Company.

The bank loan is secured by way of a fixed and floating charge over the undertaking and all property and assets present and future of Rainkine Thompson Limited.

21. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due within one year				
Bank loans	35	44	-	-
Amounts falling due after more than 5 years				
Other loans	29,345	29,192	29,345	29,192
	<u>29,380</u>	<u>29,236</u>	<u>29,345</u>	<u>29,192</u>

Other loans are borrowings through Ares Management Limited. Other loans are repayable after 5 years and have interest of between 3.13% and 7.95%. The weighted average interest rate is 6.69%. Interest is paid quarterly.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £000	Group 2021 £000
Within one year	<u>2</u>	<u>13</u>

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Deferred taxation**Group**

	2022 £000	
At beginning of year	602	
Charged to profit and loss account	(124)	
At end of year	<u>478</u>	
	Group 2022 £000	Group 2021 £000
Valuation of intangibles	<u>478</u>	<u>602</u>

24. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £0.01 each	<u>-</u>	<u>-</u>

Rights, preferences and restrictions

There are no restrictions on the distributions of dividends and the repayment of capital.

25. Reserves**Other reserves**

The other reserves represent a capital contribution made to the Company.

Profit and loss account

The profit and loss account includes all current period retained profits and losses.

26. Contingent liabilities

The Company has guaranteed the liabilities of its subsidiaries as at 31 December 2022 under s479A of the Companies Act 2006 as detailed in note 28.

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

27. Pension commitments

The Group operates a defined contribution pension scheme.

Contributions of £33,000 (2021 - £13,004) were payable to the scheme at the end of the period and are included in creditors.

28. Exemption from audit by parental guarantee

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A;

Company name	Company number	Company name	Company number
Connexas Holdings Limited	08598266	Transcan Limited	04759843
AddSecure Smart Transport UK Ltd	03769508	Structured Systems Limited	01993323
Verilocation Limited	03885568	Seven Eye Limited	04947597
Alcolock GB Ltd	05690015	Seven Transcan Limited	05800101
Seven Telematics Limited	02541365		
HT&KR Holdings Ltd	11149957		
Rainkine Thompson Limited	04376098		
Hubio Fleet Limited	05293374		

29. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Not later than 1 year	379	322
Later than 1 year and not later than 5 years	638	545
Later than 5 years	-	25
	1,017	892

The amount of non-cancellable operating lease payment recognised as an expense during the period was £344,000 (2021 - £217,000).

ADDSECURE HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

30. Related party transactions

Transactions with controlling entities

Management fees of £1,227,714 (2021 - £1,380,934) have been charged by AddSecure Smart Transport AB. At the balance sheet date the amount due to AddSecure Smart Transport AB was £1,590,965 (2021 - £1,078,911).

Key management compensation

The key management personnel of the Group are considered to be its directors. Details of directors' compensation is given in note 9.

The Group has taken advantage of exemptions, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

31. Controlling party

The directors consider that the ultimate controlling party is Castik Capital Partners. The company is consolidated into the financial statements of AddSecure Topco AB, a company incorporated in Sweden.

ADDSECURE HOLDCO LIMITED

This statement does not form part of the financial statements.

**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
Less: overheads		
Administration expenses	(1,056)	(36,958)
Operating loss	(1,056)	(36,958)
Interest receivable	-	9
Interest payable	(2,694)	(2,244)
Loss for the year	<u>(3,750)</u>	<u>(39,193)</u>

ADDSECURE HOLDCO LIMITED

This statement does not form part of the financial statements.

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
Administration expenses		
Legal and professional	36	-
Auditors' remuneration	228	100
Bank charges	416	417
Difference on foreign exchange	333	(423)
Sundry expenses	-	154
Impairment of investment in subsidiary companies	-	36,341
Administration exceptional costs	43	369
	<u>1,056</u>	<u>36,958</u>
	2022	2021
	£000	£000
Interest receivable		
Group interest receivable	<u>-</u>	<u>9</u>
	2022	2021
	£000	£000
Interest payable		
Group interest payable	343	-
Other loan interest payable	2,351	2,244
	<u>2,694</u>	<u>2,244</u>