

# Ctrack UK Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 07239604



# Ctrack UK Limited

## Company Information

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<b>Directors</b>	I J Holt S C Thomas
<b>Company secretary</b>	J I Williams
<b>Registered number</b>	07239604
<b>Registered office</b>	Stockdale House Victoria Road Leeds England LS6 1PF
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	Barclays Bank Plc United Kingdom House 180 Oxford Street London W1D 1EA

# Ctrack UK Limited

## Contents

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	Page
<b>Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4
<b>Directors' Responsibilities Statement</b>	5
<b>Independent Auditor's Report</b>	6 - 9
<b>Statement of Comprehensive Income</b>	10
<b>Statement of Financial Position</b>	11
<b>Statement of Changes in Equity</b>	12
<b>Notes to the Financial Statements</b>	13 - 34

# Ctrack UK Limited

## Strategic Report For the Year Ended 31 December 2020

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The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2020.

### Business review

The Company's principal activity is the supply and support of telematics systems to companies and organisations in the UK. 2020 saw the addition of camera technology to the Ctrack product portfolio which has further strengthened the offering for the trading companies.

The loss for the year, after taxation, was £497,153 (2019 - profit of £407,797) after a charge for amortisation of £61,969 (2019 - £91,706) and depreciation of £1,199,127 (2019 - £1,230,861).

In the UK, Ctrack broadly operates through two legal entities, Ctrack Limited and Ctrack UK Limited, both direct subsidiaries of Ctrack Europe Holdings Ltd. Ctrack Limited and Ctrack UK Limited are subsidiaries within a wider global group that is headed by the US parent company Inseego Inc that is a listed company on the NASDAQ (INSG). Throughout 2020 the Ctrack business has reported through the Digicore Holdings Ltd structure in South Africa and has operated with close links to the Digicore South African business. The relationship of the subsidiaries in the group has been a close one with hardware and software developments and the growth within geographic markets being supported within and across the group structure.

On 24 February 2021 Inseego announced that it had entered into a definitive agreement for the sale of the Ctrack South Africa operations to an affiliate of the investment management firm Convergence Partners for approximately 529 million South African Rand. Significant work has already been completed in relation to the separation with supply chain and system development arrangements secured to ensure that the Ctrack businesses in the rest of the world will continue to operate profitably and sustainably on a stand-alone basis when the sale transaction completes.

The strategy of the management of Ctrack Limited and Ctrack UK Limited continues to be to operate in a way which both protects and also maximises the benefits for the trading entities as well as their customers and other stakeholders by utilising the expertise and efficiency of common resources to service the separate businesses. Management of the Ctrack business in the UK remain keenly focused on developing new business opportunities by delivering market leading solutions that recognise the unique needs of our target markets, on renewing customer contracts on competitive terms and on controlling the level of overhead costs. The effect of this approach has been an increasing level of new business contracted in a way which generates a higher level of ongoing recurring revenues for the UK business and the introduction of camera solutions during 2020 has contributed to the success of this approach. Management continues to believe that this delivers a stronger sustainable business model. As a result of this operating model, in monitoring the performance of the UK business, the management consider the combined ratios of Ctrack Limited and Ctrack UK Limited to be of particular relevance.

# **Ctrack UK Limited**

## **Strategic Report (continued) For the Year Ended 31 December 2020**

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### **Principal risks and uncertainties**

The principal risks affecting the company arise from the level of competition and product pricing in the vehicle telematics space and as a technology product the speed of development of the product and its capabilities. Competition continues to be extremely tough across the full spectrum of the market, however Ctrack has an excellent reputation, strong cash generation and with numerous blue chip reference customers, Ctrack has demonstrated that it is well placed to be successful in this competitive environment in terms of both price and product capability. This is achieved by working closely with both existing customers and prospective customers to understand their requirements and how these can be best served in order to deliver a positive return on their investment into vehicle telematics. As a product which has the capability to easily pay for itself it has relevance in both a buoyant as well as a more difficult economic climate.

The stockholding risk in this rapidly moving technology business is minimised by delivering new functionality through software development rather than through redesign of hardware. As the product hardware is purchased from within the DigiCore group it is possible to minimise local stockholding levels to minimise risk of holding obsolete stock and at the same time older models of hardware can still be utilised by customers who wish to maintain product consistency within their vehicle fleets.

### **Covid-19**

Throughout the Covid pandemic the priority of Ctrack Management has been the welfare of its employees, whilst maintaining a service to meet Customer needs. Ctrack Management had been monitoring the developing Covid 19 situation across the World from the start of 2020 and as such, at the commencement of the lockdowns across Europe, plans were already in place to enable office based employees to work from home in order to maintain the Ctrack solution for its Customers. Whilst the start of lockdown saw a significant reduction in demand for new telematics unit deployments or for field based service visits, this level of reduction was relatively short lived and levels of demand recovered from May onwards.

Ctrack has a large and diverse Customer base across the UK covering a broad range of business segments. This has helped the Ctrack business during the pandemic as any risk has been spread and it is also true that many Ctrack Customers operate as key workers and as such their activities, and the associated Ctrack revenues, have continued as normal during the pandemic.

Whilst there was an undoubted risk posed by Covid 19 on the wider economy, which would be expected to have some impact on Ctrack customers, the Management undertook a prudent forecasting exercise and believe that the spread of the Ctrack Customer base cushioned any impact on the Ctrack business. Ctrack continues to be cash generative and, rather than having to consider cost saving measures, have been able to continue to invest in growth opportunities in the wider UK telematics market which ensured successful trading continued through 2020.

The directors have prepared cashflow forecasts for a period of at least twelve months following the date on which these financial statements have been approved and it has not or is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

# Ctrack UK Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

### Foreign Currency Risk

The product hardware manufacture is managed and controlled by the Inseego Group and although these transactions are priced in US \$ the cost of the hardware as a small proportion of the full deal cost and as such the impact of exchange gains or losses is minimised for the UK.

### Brexit

As already indicated, the UK business works closely with other parts of the Inseego Group it is also the case that they trade in country on a standalone basis. As such there is little to no reliance in Europe across European jurisdictions and the Management of Ctrack consider there are no significant business risks associated with Brexit.

### Financial key performance indicators

The key performance indicators utilised by management for the combined UK business in Ctrack Limited and Ctrack UK Limited are set out below. This information is an aggregation of the two companies and therefore does not represent the figures as set out in these financial statements.

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Turnover	£7,572,893	£7,547,378	£7,308,468
Gross Profit	£6,212,805	£6,281,795	£6,138,469
Loss/profit before Tax	£(316,676)	£578,285	£941,476
EBITDA	£1,290,962	£2,199,290	£2,367,142
Recurring Revenue Ratio	94.4%	93.1%	86.1%
Gross Profit %	82.0%	83.2%	84.0%
Overhead	87.0%	75.6%	71.1%

These results reflect the positive underlying business performance and therefore these indicators have been chosen as it is felt that the EBITDA and underlying level of recurring revenue, which has grown in both percentage and real terms, is a better reflection of progress made in growing the overall UK business.

This report was approved by the board on 11 JUNE 2021

and signed on its behalf.

  
I J Holt  
Director

# Ctrack UK Limited

## Directors' Report For the Year Ended 31 December 2020

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The Directors present their report and the audited financial statements for the year ended 31 December 2020.

### Results and dividends

The loss for the year, after taxation, amounted to £497,153 (2019 - profit £407,797).

The Directors do not recommend the payment of a final dividend (2019 - £Nil).

### Directors

The Directors who served during the year were:

I J Holt  
S C Thomas

### Matters covered in the strategic report

Certain disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the Directors consider them to be of strategic importance to the Company.

### 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's auditor is unaware, and
- the Director has 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's auditor is aware of that information.

### Events after the reporting period

On 24 February 2021 Inseego, the ultimate controlling party, announced that it had entered into a definitive agreement for the sale of the Ctrack South Africa operations, including the intermediate holding company of the UK business. The UK business will remain part of the Inseego group. Significant work has already been completed in relation to the separation with supply chain and system development arrangements secured to ensure that the Ctrack businesses in the rest of the world will continue to operate profitably and sustainably on a stand-alone basis when the sale transaction completes.

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

### Auditor

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

This report was approved by the board on **11 JUNE 2021** and signed on its behalf.



I J Holt  
Director

# **Ctrack UK Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2020**

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The Directors are responsible for preparing the Strategic Report, the Directors' 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 Company and of the profit or loss of the Company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 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.

# Ctrack UK Limited

## Independent Auditor's report to the members of Ctrack UK Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

We have audited the financial statements of Ctrack UK Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 101 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 are independent of the 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, 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 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.

# Ctrack UK Limited

## Independent Auditor's report to the members of Ctrack UK Limited (continued)

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### 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

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 the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the 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.

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 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

# Ctrack UK Limited

## Independent Auditor's report to the members of Ctrack UK Limited (continued)

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### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 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:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

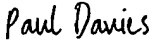
# Ctrack UK Limited

## Independent Auditor's report to the members of Ctrack UK Limited (continued)

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### 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.

DocuSigned by:  
  
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**Paul Davies** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds  
United Kingdom

11 June 2021

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

# Ctrack UK Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2020

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	Note	2020 £	2019 £
Turnover	4	6,155,133	6,144,272
Cost of sales		(1,014,785)	(980,508)
<b>Gross profit</b>		<b>5,140,348</b>	<b>5,163,764</b>
Administrative expenses		(5,557,434)	(4,755,189)
Other operating income	5	85,114	-
<b>Operating (loss)/profit</b>	5	<b>(331,972)</b>	<b>408,575</b>
Interest payable and similar expenses	9	(8,534)	(778)
<b>(Loss)/profit before tax</b>		<b>(340,506)</b>	<b>407,797</b>
Tax on (loss)/profit	10	(156,647)	-
<b>(Loss)/profit for the financial year</b>		<b>(497,153)</b>	<b>407,797</b>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 13 to 34 form part of these financial statements.


**Ctrack UK Limited**  
Registered number:07239604

Statement of Financial Position  
As at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	11	96,635	155,373
Tangible assets	12	1,979,630	2,121,342
		<u>2,076,265</u>	<u>2,276,715</u>
<b>Current assets</b>			
Stocks	13	629,260	641,973
Debtors	14	6,820,202	5,382,699
Cash at bank and in hand	15	70,224	1,012
		<u>7,519,686</u>	<u>6,025,684</u>
Creditors: amounts falling due within one year	16	<u>(9,344,729)</u>	<u>(7,596,593)</u>
<b>Net current liabilities</b>		<b>(1,825,043)</b>	<b>(1,570,909)</b>
<b>Total assets less current liabilities</b>		<b>251,222</b>	<b>705,806</b>
Creditors: amounts falling due after more than one year	17	(96,441)	(53,872)
<b>Net assets</b>		<b><u>154,781</u></b>	<b><u>651,934</u></b>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Capital reserve	21	3,000,000	3,000,000
Profit and loss account	21	(2,845,319)	(2,348,166)
<b>Shareholders' funds</b>		<b><u>154,781</u></b>	<b><u>651,934</u></b>

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

11 JUNE 2021

  
I J Holt  
Director

The notes on pages 13 to 34 form part of these financial statements.

## Ctrack UK Limited

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Capital reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	100	3,000,000	(2,755,963)	244,137
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	407,797	407,797
<b>Total comprehensive income for the year</b>	-	-	407,797	407,797
Capital contribution - Share-based payments	-	-	135,408	135,408
Return of capital contribution - Share-based payments	-	-	(135,408)	(135,408)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 1 January 2020</b>	100	3,000,000	(2,348,166)	651,934
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(497,153)	(497,153)
<b>Total comprehensive expense for the year</b>	-	-	(497,153)	(497,153)
Capital contribution - Share-based payments	-	-	89,814	89,814
Return of capital contribution - Share-based payments	-	-	(89,814)	(89,814)
<b>At 31 December 2020</b>	<b>100</b>	<b>3,000,000</b>	<b>(2,845,319)</b>	<b>154,781</b>

The notes on pages 13 to 34 form part of these financial statements.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 1. General information

Ctrack UK Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities is disclosed in the Strategic Report.

### 2. Accounting policies

#### 2.1 Going concern

The impact of Covid-19 on the Company and the wider group it is part of is detailed in the "Covid-19" section of the Strategic Report. Despite the risks arising from the pandemic the directors believe that the business will remain profitable and cash generative. The Directors have undertaken a prudent forecasting exercise for the European business looking ahead more than 12 months and foresee no issues in meeting liabilities as they fall due.

The Directors have therefore prepared the financial statements on a going concern basis. The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

#### 2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentational currency used is pounds sterling and all amounts have been rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.3 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Inseego Corp. as at 31 December 2020 and these financial statements may be obtained from 9605 Scranton Road, San Diego, California, 92121, United States of America.

#### 2.4 Adoption of new and revised standards

*New standards, interpretations and amendments effective from 1 January 2020*

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. None of these had a material impact on the Company.

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied, stated net of discounts and value added sales taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have been supplied to the customer such that they are available for their use. The company's key activities are described in detail below.

##### **Outright Sale of Telematics Units**

The company occasionally sells telematics units to customers to replace devices that customers have lost or damaged. These are accounted for as sales at the time of delivery to the customer.

##### **Provision of Telematics units and Services as a single performance obligation**

The company provides telematics solutions to customers on a single performance obligation basis whereby the customers pay for an entire solution including licenses, hosting, communication and any hardware necessary to deliver the service they require. The majority of such contracts are invoiced on a monthly basis in arrears for a fixed term and revenue is recognised as it is invoiced although occasionally customers will pay advanced monthly amounts at contract inception but in these instances the amounts concerned are deferred and recognised over the contract life. All costs associated with the acquisition of these contracts and the delivery of the solution are capitalised and depreciated over the contract life. As a single performance obligation under which the customer does not acquire ownership of the telematics hardware Management do not believe that IFRS 15 has a material impact on the basis of accounting used.

##### **Deinstallation and Reinstallation of Telematics units**

The company provides such services on an ad hoc basis as customers purchase or replace vehicles within their fleet. As such the revenue earned is recognised as the services are undertaken.

#### 2.6 Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

#### 2.7 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.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.8 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

#### 2.9 Intangible assets - Development

Research and Development costs are accounted for in accordance with IAS 38 - Intangibles. Expenditures on research or the research phase of an internal project are recognised as an expense when incurred. The intangible asset arising from the development phase of an internal project are recognised if, and only if the following conditions apply:

- it is technically feasible to complete the asset for use by the Company
- the Company has the intention of completing the asset for either use or resale
- the Company has the ability to either use or sell the asset
- it is possible to estimate how the asset will generate income
- the Company has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Amortisation has been calculated on the straight line method and aims to write down the cost, less estimated residual value, of assets over their expected useful lives, using the following period:

- Intangible Asset - Development 5 years

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.10 Intangible assets - Acquired

Purchased intangible assets are stated at cost or valuation, net of amortisation and any provision for impairment. Amortisation has been calculated on the straight line method and aims to write down the cost, less estimated residual value, of assets over their expected useful lives, using the following periods:

- Intangible Asset - Customer Related 6-8 years
- Intangible Asset - Technology Related 4 years
- Intangible Asset - Other 5 years

Residual values, remaining useful lives and amortisation methods are reviewed annually and adjusted if appropriate.

#### 2.11 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, using the straight-line method.

Depreciation is provided on the following basis:

Right-of-use vehicles	- over the term of the lease
Fixtures and fittings	- 3 years
Office equipment	- 3 years
Lease units	- 5 years

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.

#### 2.12 Stocks

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.13 Debtors

Trade and other receivables are amounts due from customers for goods supplied and services performed in the ordinary course of business. All such debts are due for collection within 12 months or less and so are classed as current assets. These short term debtors are measured at transaction price, less any impairment. In considering impairment the company applies a specific provision based on an account review to balances over £10,000 and to the debts of customers entering a liquidation procedure; smaller balances are assessed using a provision matrix as permitted as a practical expedient under IFRS 9. Management believe that this approach ensures that debtors reflected in the accounts reflect a value that is appropriate under the requirements of the accounting standard.

#### 2.14 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.

#### 2.15 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

##### Financial asset

The company has three types of financial assets:

- Trade Receivables which are discussed in more detail in paragraph .
- Intercompany loans which are non interest bearing and which are accounted for at the value and currency of the original transaction which gave rise to the loan.
- Cash which is discussed in more detail in paragraph 2.14.

##### Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

#### 2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.17 Foreign currency translation

The financial statements of the Company are presented in pounds sterling. Transactions in foreign currencies are recorded using the rate of exchange prevailing at the date of the transaction. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the period.

#### 2.18 Share-based payments

Where equity settled stock options are awarded by the ultimate parent company, Inseego Corp, to employees of this company the fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

The fair value is measured at grant date using the Black-Scholes option pricing model and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.19 Leases: the Company as the lessee

##### *Identifying Leases*

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Company obtains substantially all the economic benefits from use of the asset; and
- The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

##### *Recognition and measurement*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate of 9% on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.19 Leases: the Company as the lessee (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.20 Leases: the Company as the lessor

IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. For operating leases, costs, including depreciation, incurred in earning the lease income are recognised as an expense. Lease income (excluding receipts for services provided such as insurance and maintenance) is recognised on a straight line basis over the term of the lease even if the receipts are not on such a basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the underlying asset is diminished.

Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. The respective leased assets are included in the Statement of Financial Position based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### 2.21 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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

The Directors have considered the nature of agreements with customers that provide for the leasing of telematic units and have concluded that these agreements do not result in substantially all the risks and rewards of ownership being transferred to the customers and that they are, in substance, operating leases which provide customers with telematics solutions as a single performance obligation.

Key sources of estimation uncertainty include:

- IFRS 16 Leases - The rate implicit on the lease cannot be reasonably determined therefore the ultimate parent company's incremental borrowing rate is used in the lease calculations.
- Deferred tax - Unrelieved tax losses have been recognised only to the extent that the Directors consider it is probable they will be recovered against future taxable profits or the reversal of deferred tax liabilities. Management estimation is required to determine whether the recognition of future taxable profits is probable.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 4. Revenue

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

	2020 £	2019 £
Provision of Telematics units and Services	5,808,446	5,701,424
Outright sale of Telematic units	134,199	65,625
Deinstallation and Reinstallation of Telematics units	212,488	377,223
	<u>6,155,133</u>	<u>6,144,272</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	<u>6,155,133</u>	<u>6,144,272</u>

### Assets and liabilities related to contracts with customers

The Company has recognised the following liabilities related to contracts with customers.

	2020 £	2019 £
Current contract liabilities relating to deposits from customers and deferred income	<u>1,326,960</u>	<u>968,718</u>

There are no assets arising from contracts with customers.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 4. Revenue (continued)

The following table shows how much of the revenue recognised in the current reporting year relates to carried forward contract liabilities.

	2020 £	2019 £
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>968,717</u>	<u>559,178</u>

### 5. Operating (loss)/profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	1,199,127	1,230,861
Amortisation of intangible assets, including goodwill	61,969	91,706
Exchange differences	695	3,101
Bad debts written off	48,297	75,765
Cost of stocks recognised as an expense	842,716	726,058
Other income - Government grants for furlough	<u>(85,114)</u>	<u>-</u>

### 6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>53,500</u>	<u>48,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Accountancy services	9,400	9,100
Taxation compliance services	6,550	6,350
All other services	33,520	-
	<u>49,470</u>	<u>15,450</u>

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 7. Employees

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

	2020 £	2019 £
Wages and salaries	4,101,895	3,372,900
Social security costs	601,822	386,997
Cost of defined contribution scheme	177,412	151,758
	<u>4,881,129</u>	<u>3,911,655</u>

A share based payment charge of £89,814 (2019 - £135,408) was made in the statement of comprehensive income.

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

	2020 No.	2019 No.
Administration	9	7
Production and sales	75	72
	<u>84</u>	<u>79</u>

### 8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	392,360	136,549
Company contributions to defined contribution pension schemes	9,499	8,693
	<u>401,859</u>	<u>145,242</u>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £392,360 (2019 - £136,549).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,499 (2019 - £8,693).

During the year, 2 (2019 - 2) Directors (not all remunerated through this company) exercised share options that had been issued by the ultimate parent company.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 9. Interest payable and similar expenses

	2020 £	2019 £
Lease interest payable	8,534	778

### 10. Taxation

	2020 £	2019 £
Current tax on profits for the year	-	-
Origination and reversal of timing differences	156,647	-
<b>Total deferred tax</b>	<b>156,647</b>	-
<b>Taxation on profit on ordinary activities</b>	<b>156,647</b>	-

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(340,506)	407,797
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(64,696)	77,481
<b>Effects of:</b>		
Fixed asset timing differences	(8,929)	-
Expenses not deductible for tax purposes	17,307	463
Non taxable share based payments	17,065	25,728
Adjustment re deferred tax asset on losses	309,575	(103,672)
Share scheme deduction	(113,675)	-
<b>Total tax charge for the year</b>	<b>156,647</b>	-

#### Factors that may affect future tax charges

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 10. Taxation (continued)

Under legislation substantively enacted on 17 March 2020 the UK tax rate will remain unchanged at 19% from 1 April 2020 onwards. The budget resolution has announced a rise of the UK Corporation tax rate to 25% from 1 April 2022. This had not been substantively enacted at the date of the Statement of Financial Position and as such has not impacted upon the calculation of deferred tax as at 31 December 2020. The utilisation of the new corporation tax rate proposed in the recent budget will be considered in future periods.

A deferred tax asset of £990,407 (2019 - £509,821) in respect of losses totalling £5,212,670 (2019 - £2,998,949) has not been recognised as it is not considered more probable than not that sufficient profits will be available against which they could be released. In addition and in respect of capital allowances, a deferred tax asset of £157,624 (2019 - £152,240) has not been recognised.

### 11. Intangible assets

	Development £	Purchased Intangibles Customer Related £	Total £
<b>Cost</b>			
At 1 January 2020	539,609	2,360,000	2,899,609
Additions	3,231	-	3,231
At 31 December 2020	542,840	2,360,000	2,902,840
<b>Amortisation</b>			
At 1 January 2020	384,236	2,360,000	2,744,236
Charge for the year	61,969	-	61,969
At 31 December 2020	446,205	2,360,000	2,806,205
<b>Net book value</b>			
At 31 December 2020	96,635	-	96,635
At 31 December 2019	155,373	-	155,373

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 12. Tangible fixed assets

	Ctrack Lease Units £	Office equipment and furniture & fittings £	Right-of-use vehicles £	Total £
<b>Cost</b>				
At 1 January 2020	3,894,393	362,450	131,590	4,388,433
Additions	979,163	48,811	29,441	1,057,415
Disposals	(1,216,707)	(72,369)	(8,513)	(1,297,589)
At 31 December 2020	<u>3,656,849</u>	<u>338,892</u>	<u>152,518</u>	<u>4,148,259</u>
<b>Depreciation</b>				
At 1 January 2020	1,965,211	278,176	23,704	2,267,091
Charge for the year	1,105,064	50,184	43,879	1,199,127
Disposals	(1,216,707)	(72,369)	(8,513)	(1,297,589)
At 31 December 2020	<u>1,853,568</u>	<u>255,991</u>	<u>59,070</u>	<u>2,168,629</u>
<b>Net book value</b>				
At 31 December 2020	<u>1,803,281</u>	<u>82,901</u>	<u>93,448</u>	<u>1,979,630</u>
At 31 December 2019	<u>1,929,182</u>	<u>84,274</u>	<u>107,886</u>	<u>2,121,342</u>

### 13. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>629,260</u>	<u>641,973</u>

Stocks are stated after provisions for impairment of £42,378 (2019 - £55,174).

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 14. Debtors

	2020 £	2019 £
<b>Due after more than one year</b>		
Deferred tax asset (note 19)	501,144	657,791
	<u>501,144</u>	<u>657,791</u>
<b>Due within one year</b>		
Trade debtors	813,843	929,101
Amounts owed by group undertakings	5,326,420	3,682,787
Other debtors	43,513	12
Prepayments and accrued income	135,282	113,008
	<u>6,820,202</u>	<u>5,382,699</u>

Amounts owed by group undertakings are interest free and repayable on demand.

### 15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	70,224	1,012
Less: bank overdrafts	(8,017)	(144,789)
	<u>62,207</u>	<u>(143,777)</u>

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	8,017	144,789
Trade creditors	250,312	397,094
Amounts owed to group undertakings	6,739,788	5,228,896
Other taxation and social security	832,040	260,897
Other creditors	149,727	68,188
Accruals and deferred income	40,918	473,291
Lease liabilities	42,702	54,720
Contract liabilities	1,281,225	968,718
	<u>9,344,729</u>	<u>7,596,593</u>

Amounts owed to group undertakings are interest free and repayable on demand.

### 17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	50,706	53,872
Contract liabilities	45,735	-
	<u>96,441</u>	<u>53,872</u>

### 18. Leases

#### Company as a lessee

The total cash outflow for leases in 2020 was £15,184.

Lease liabilities are due as follows:

	2020 £	2019 £
Not later than one year	42,702	54,720
Between one year and five years	50,706	53,872
	<u>93,408</u>	<u>108,592</u>

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 19. Deferred taxation

	2020 £	2019 £
At beginning of year	657,791	657,791
Charged to profit or loss	(156,647)	(103,672)
Utilised in year	-	103,672
<b>At end of year</b>	<b>501,144</b>	<b>657,791</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	501,144	657,791

### 20. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100

The shares have attached to them full voting, dividend and capital distribution rights.

### 21. Reserves

The Company's capital and reserves are made up of the following:

#### Share capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Capital reserve

Capital reserve represents the capitalisation of the loan made available to the Company at the time of acquisition.

#### Profit and loss account

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

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 22. Share-based payments

Certain employees of the Company are selected to participate in stock options and restricted stock unit equity-settled share based remuneration schemes which are operated by the company's ultimate parent company Inseego Corp (NASDAQ: INSG) under the terms of the Inseego Corp 2018 Omnibus Incentive Compensation Plan (superseding the 2009 Omnibus Incentive Compensation Plan).

Stock options expire 10 years from grant date and vest over service periods ranging from one to four years. The option price is usually not less than the market value per share on the date of grant. However, an Incentive Stock Option may be granted with an exercise price lower than the market value per share on the date of the grant if the Incentive Stock Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424 of the US Internal Revenue Code of 1986 or if the Award is designated as a "Section 409A Award" and has either a fixed exercise date or a fixed delivery date.

Restricted Stock Units (RSUs) give the participants the right to receive shares in Inseego Corp for no consideration. Restricted Stock Units vest over various service periods ranging from immediate vesting through to four years from the grant date. All grants of Inseego Corp options under all plans must be approved by the Board of Directors of Inseego Corp. Further details on the Stock Options and Restricted Stock Units are available in the Inseego Corp annual report available at [www.inseego.com](http://www.inseego.com) whilst a copy of the Compensation Plan is available on the US Securities and Exchange Commission website as an exhibit at <https://www.sec.gov/Archives/edgar/data/1022652/000102265218000039/insg20180713ex101inseegoco.htm>.

The weighted average share price of Inseego Corp during the year ended 31 December 2020 was US\$ 10.63 (2019 – US\$ 5.26).

The weighted average remaining contractual lives of the options below were 7.79 years (2019 – 8.23 years). At the end of the year these outstanding stock options had the following ranges of exercise prices:

	2020 Number	2019 Number
Exercise price - US\$0.00 (RSUs)	4,000	-
Exercise price - US\$0.80	20,574	32,595
Exercise price - US\$1.11	56,500	64,000
Exercise price - US\$1.63	13,668	20,502
Exercise price - US\$1.85	43,053	70,904
Exercise price - US\$3.53	60,000	103,125
Exercise price - US\$4.57	50,000	50,000
Exercise price - US\$4.78	23,250	26,250
Exercise price - US\$5.73	15,312	20,000
Exercise price - US\$7.00	45,000	45,000
Exercise price - US\$7.23	10,000	-
Exercise price - US\$13.72	25,000	-

# Ctrack UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 23. Operating lease receivable commitments

At 31 December 2019 the Company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2020 £	2019 £
Less than one year	4,718,323	4,763,271
One to two years	4,906,897	5,152,230
Two to five years	542,375	-
	<u>10,167,595</u>	<u>9,915,501</u>

### 24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £177,412 (2019 - £151,758). Contributions totalling £75,882 (2019 - £31,869) were payable to the fund at the reporting date and are included in creditors.

### 25. Contingent liabilities

The Company is party to a cross guarantee in relation to the bank borrowings of a fellow subsidiary, which at 31 December 2020 amounted to £Nil (2019 - £Nil).

### 26. Related party transactions

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions entered into with wholly owned subsidiary undertakings within the Group.

### 27. Controlling party

The immediate parent company of Ctrack UK Limited is Ctrack Europe Holdings Limited, a company incorporated in England and Wales and registered at Stockdale House, Victoria Road, Leeds, England, LS6 1PF.

The ultimate controlling party of the Company is Inseego Corp., a company registered in the United States, by virtue of its shareholding. Inseego Corp. is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated. Consolidated accounts are available from its registered office, 9605 Scranton Road, San Diego, California, 92121, United States of America.

# **Ctrack UK Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2020**

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### **28. Events after the reporting period**

On 24 February 2021 Inseego, the ultimate controlling party, announced that it had entered into a definitive agreement for the sale of the Ctrack South Africa operations, including the intermediate holding company of the UK business. The UK business will remain part of the Inseego group. Significant work has already been completed in relation to the separation with supply chain and system development arrangements secured to ensure that the Ctrack businesses in the rest of the world will continue to operate profitably and sustainably on a stand-alone basis when the sale transaction completes.

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