24 April 2024

Tracsis plc

('Tracsis', 'the Company' or 'the Group')

Unaudited Interim results for the six months ended 31 January 2024

H1 performance in line with expectations, with an H2 weighting for FY24 and exciting growth of UK and US pipeline

Tracsis plc (LSE: TRCS), a leading transport technology provider, is pleased to announce its unaudited interim results for the six months ended 31 January 2024.

Financial Results (£'m)	**H1 24**	H1 23	
Revenue	**36.6**	39.2	-6.7%
Adjusted EBITDA *	**5.7**	7.5	-24.0%
*Adjusted EBITDA * %*	***15.5%***	*19.0%*	*-350bps*
Cash **	**16.8**	17.0	
Adjusted diluted earnings per share *	**10.3p**	16.1p	-36.1%
Statutory Results			
Operating (loss) / profit	**(0.3)**	2.4	-112.9%
(Loss) / profit before tax	**(0.3)**	2.3	-111.9%
Basic (loss) / earnings per share	**(1.6p)**	5.6p	-129.2%
Interim dividend per share	**1.1p**	1.0p	+10%

Financial Highlights:

- Financial performance in line with expectations
  - Rail Technology & Services recurring and repeat revenue increased by 12% to £12.1m
  - Growth in Data, Analytics, Consultancy & Events Division
  - Total revenue decreased by 7% driven primarily by the non-repeat of H1 23 perpetual rail technology software licences as anticipated
  - FY24 revenue growth will be weighted towards H2 reflecting milestone delivery timelines in the orderbook and SaaS transition for new contract wins in North America
- Adjusted EBITDA* margin includes the impact of investments made in the prior year; expected to return to historical levels over the full year
- Healthy cash generation and strong debt-free balance sheet to invest in further growth
- Statutory results include £1.3m of non-repeating exceptional cash costs associated with Group transformation
- Continuation of progressive dividend policy. Interim dividend of 1.1p per share (H1 2023: 1.0p)

Operational and Strategic Highlights:

- Significant pipeline growth of major software opportunities in both UK and North American markets
  - Following investment in sales teams, we estimate this has more than doubled since 31 July 23
- Secured several new contracts that will generate revenue in H2, including next phase of development work to expand RailHub
- Further growth in Pay As You Go ("PAYG") smart ticketing
  - Deployments with Transport for Wales and Merseyrail
  - First deployment of PAYG mobile app platform ('Hopsta') underway with a UK train operator
- Entry into a large US software market segment through the launch of a new Computer Aided Dispatch product with Northern Indiana Commuter Transportation District ("NICTD"), a commuter rail customer, going live in May 2024
- Transformation of the Group's operating model proceeding to plan, creating a scalable platform for accelerated growth

Current Trading and Outlook:

- Encouraging start to H2 with high activity levels across both Divisions, and further growth in the Rail Technology pipeline post period end
- Several Rail Technology opportunities are in the final stages of procurement, particularly in North America and these are forecast to deliver revenue in H2. The Board therefore expects FY24 performance to be in line with market expectations
- End market drivers are strong and the Group is well positioned to deliver future growth following a year of transformation
- Growing pipeline of M&A opportunities

Chris Barnes, Chief Executive Officer, commented:

"The programme of actions to transform the Group's operating model is progressing to plan and we are beginning to see the benefit in the growth of our pipeline of major software opportunities. Our financial performance for the period reflects this period of transition, with further growth anticipated in H2 and beyond.

We have secured important new contract wins and made good progress in growing rail technology software licence usage and recurring revenue in the period. I am particularly encouraged by the success we are achieving in North America, where we are soon to go live with an important new dispatch product. Our team has done a great job to deliver this, opening up a large new segment in this market.

Digital transformation will continue to play a significant role in the rail industry's transition to a data-driven, customer-focused, safety-critical future and Tracsis' product offering aligns well with this. We are confident in the Group's growth prospects, underpinned by recent contract wins and a fast-growing pipeline, and we continue to see significant long-term tailwinds in both the UK and North America.

We therefore remain committed to our strategic growth and investment plans and will continue to pursue both organic and acquisitive growth supported by a strong balance sheet."

** In addition to statutory reporting, Tracsis plc reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). These metrics adjust for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in note 10.*
*** Cash and cash equivalents, and cash held in escrow*

Presentation and Overview videos

Tracsis is hosting an online presentation open to all investors on Friday 26 April 2024 at 1.00pm UK time. Anyone wishing to connect should register here: https://bit.ly/TRCS_H124_webinar

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: https://bit.ly/TRCS_H124

Tracsis plc Chris Barnes, CEO Andy Kelly, CFO	+44 (0)845 125 9162
Cavendish Capital Markets Ltd (Nominated Adviser & Joint Corporate Broker) Jonny Franklin-Adams / Giles Balleny / Charlie Beeson (Corporate Finance) Andrew Burdis / Sunila de Silva (Corporate Broking)	+44 (0)20 7220 0500
Berenberg (Joint Corporate Broker & Financial Adviser) Mark Whitmore / Richard Andrews / Alix Mecklenburg-Solodkoff	+44 (0)20 3207 7800
Alma Strategic Communications David Ison / Rebecca Sanders-Hewett / Joe Pederzolli	+44 (0)20 3405 0205 tracsis@almastrategic.com

The information communicated in this announcement is inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Management Overview

Introduction

The Group has made good progress in the first half of the year in executing its strategy to create a scalable platform for accelerated growth and to transition to a broader SaaS operating model. Actions to transform the Group's operating model are progressing at pace and to plan. The investment made in the prior year to enhance our commercial and senior leadership capabilities is delivering significant growth in the pipeline of major software opportunities in both the UK and North American markets. We have secured several new contract wins and the Group remains well placed to deliver growth in the second half of this financial year and beyond.

First half in review

Our activities in the first half of the year have been focused around five key areas, as summarised below. This is followed by a table updating on progress against our strategy and a comprehensive divisional breakdown of trading progress and prospects:

1. New contract wins and continued progress in delivering orderbook to drive organic growth

Further growth in recurring revenue: Recurring and repeat revenue in the Rail Technology & Services Division for the first half increased by 12% to £12.1m, driven by new contract wins and the deployment of contracts won in previous years.

Continued growth in smart ticketing: The two new Pay As You Go ("PAYG") contracts with UK train operators that were announced with the full year 2023 results have been fully deployed. The deployment with Transport for Wales ("TfW") is the first EMV (contactless bankcard) deployment of this versatile solution on the UK's rail network outside of Transport for London. The second deployment is a smartcard system with Merseyrail. During the period we have been awarded a new multi-year delay repay deployment that is being contracted and will go live later in 2024.

First pilot deployment of 'Hopsta' is underway: The first pilot deployment of our unique PAYG mobile app platform 'Hopsta' has started with a UK train operator. This contract was secured during the period. Under the pilot, this technology will be in the hands of consumers during Q4 of this financial year. We have a second contract for a pilot deployment with another UK operator, as was announced with the full year 2023 results. This is still awaiting approval of a contract start date.

The next phase of RailHub development has started: In the UK we have contracted the next significant funded phase of development work to expand the functionality of the RailHub safety and risk management platform. Work to deliver this has started in the second half of this financial year, with go-live expected in early 2026.

Work continues on implementing three TRACS Enterprise deployments: These are due to go fully live starting from FY25.

Remote Condition Monitoring activity levels remain high: Revenue for the first half of the year was close to the record levels delivered during H1 23. Post period end we have started to receive orders funded from Network Rail's new UK Control Period that started on 1 April 2024.

Investing in 'next generation' technology: We are investing in technology where we see opportunities to accelerate further growth in our markets. During H1 24 this included further development of the Hopsta smart ticketing mobile app platform that is now in pilot deployment.

2. Significant and ongoing pipeline growth in UK and North American rail markets

Investment to enhance our commercial teams is delivering significant pipeline growth: During FY23 we invested to build out and upskill our commercial teams in the UK and North American rail markets. The H1 24 EBITDA* performance includes the cost of this investment, which is already delivering significant growth in the pipeline of major software opportunities. We estimate that in both markets, this pipeline has more than doubled in the six months to 31 January 2024, and has continued to grow post period end.

North American software deployment will open up a new, large market segment: The first implementation of a new Computer Aided Dispatch system is due to go live with Northern Indiana Commuter Transportation District ("NICTD"), a US commuter rail customer, in May 2024. The successful delivery of this system will open a large new product segment opportunity for Tracsis in North America where the industry is actively looking for new participants.

Unique market position in North America: Tracsis operates as a mid-market participant in the North American rail market with a differentiated range of products and services supported by a track record of delivery and a strong balance sheet. Feedback from train operators and ports/industrials owners emphasises the need for new market entrants to challenge incumbent suppliers and introduce innovative digital solutions for immediate efficiency and operational benefits.

End market drivers remain strong: Digital transformation remains integral to the rail industry's future: The delivery of a data-driven, customer-focused and safety-critical rail industry will remain a core priority in the UK and overseas. Tracsis' range of products and services are aligned with these end market drivers, enabling customers to enhance efficiency, productivity, performance and safety in mission-critical activities. As we have previously stated, external factors including the ongoing industrial action in the UK, delays to the implementation of Great British Railways, and potential government changes in the UK and US may have some near-term effect on procurement and delivery timelines, however they are not anticipated to adversely affect future growth. We continue to see significant long-term tailwinds in both the UK and North American rail markets.

3. High activity levels in Data, Analytics, Consultancy & Events

Record revenue in Traffic Data & Events: H1 revenue increased by 16% to £12.9m. The strong performance reflects Events remaining in high demand, supplemented by high activity levels in Traffic Data including survey work to support large UK transport infrastructure projects. The Events business has secured renewals with several of its largest customers, including the multi-year renewal of a large fixed-venue Events management contract at an increased value.

Launched Tracsis Geo Intelligence: Targeting the deployment of our earth observation technology offering into the UK and North America rail markets, which are facing increasingly complex rail infrastructure challenges from the impact of climate change and severe weather events. In combination with the unique data sets that Tracsis' rail technology solutions generate or process, and our existing data analytics and GIS capabilities, we are well placed to deliver integrated solutions that can provide additional insight and capabilities to our customers in areas such as network performance, climate resilience and scenario planning.

4. Further progress in transforming the Group operating model

Transformation activities are progressing to plan: As previously announced, during FY24 the Group is delivering a programme of one-off actions to transform its operating model and to accelerate its future growth trajectory. These actions are progressing to plan and will be substantially completed during FY24. During the six months to 31 January 2024 we have incurred £1.3m of non-repeat cash costs to deliver the actions summarised below. We expect to incur c£1m further non-repeat costs during the second half of this financial year related to these actions.

Optimising our organisational structure: During FY23 we implemented a new organisational structure based around common operating models. Alongside this, we invested in expanding and upskilling both our SaaS delivery capabilities and our UK and North American commercial teams. During FY24 we are taking a series of actions to reduce headcount where certain roles are duplicated or no longer required in the new organisational structure. This process is ongoing and is expected to be completed by 31 July 2024. Cost savings from these actions will be largely re-invested in further strengthening our core operational, commercial and management capabilities.

Integrating the Rail Technology UK business: During the period the component businesses of the Rail Technology UK segment have been fully integrated under a single senior leadership team. As part of the ongoing process to further strengthen our capabilities referenced above, this has included recruiting a Chief Technology Officer to oversee all aspects of product development and architecture across the rail technology portfolio.

Enhanced IT and software product operating model: We are establishing a fully consistent group-wide approach to how we develop and deliver enterprise software solutions based on industry best practice. This will enhance the resilience of our operations and improve the timeliness, quality and repeatability of delivery. Alongside this we are implementing a single group-wide IT support service.

Upgrading operating systems and processes: The implementation of a single group-wide IT operating environment is ongoing. This will enhance the efficiency of our operations and deliver improved management information, as well as facilitating collaboration across the Group. This includes implementing a new group-wide finance system that will go live during summer 2024.

Streamlining our footprint: We have consolidated locations and closed two operating sites during H1 as the first stage of streamlining our operating footprint. Further locations are under review as we fully align this with the Group's new organisational structure. During the period we have started work to reduce our legal entity footprint.

Continued commitment to sustainability: The group-wide implementation of ISO14001 (environmental management) was completed in the period to support the delivery of our carbon neutral 2030 objective. Post period end a group-wide carbon reduction plan aligned to delivering this objective has been agreed.

5. Pursuit of M&A as a core component of our growth strategy

Growing pipeline of M&A opportunities: We continue to actively pursue M&A to supplement organic growth, with a focus on extending our software and technology footprint and enhancing recurring revenue growth. We have a growing pipeline of opportunities in the UK, North America and targeted overseas markets that are being evaluated in line with our disciplined criteria.

Progress on Delivering our Strategy

Tracsis' purpose is to empower the world to move freely, safely and sustainably. Our business model remains focused on specialist product offerings that have high barriers to entry, are sold on a recurring basis under contract, and to a retained customer base that is largely blue chip in nature. Our strategy to achieve this is focused on four areas as outlined below.

We have made good progress in executing this growth strategy during the period, which leaves the Group well positioned to deliver further growth. Key progress against the objectives for each of our four strategic priorities is summarised in the table below:

Drive Organic Growth *Delivery of our pipeline, increasing annual recurring software revenue, continual innovation of products and services, high quality delivery and an excellent close working relationship with our customers*	
Focus for FY 24	**Progress since 31 July 2023**
• Delivery of orderbook of rail technology contracts	• Two further deployments of Pay As You Go (PAYG) smart ticketing technology completed with UK TOCs • Secured next significant phase of development work to expand the RailHub safety and risk management platform • Work continues on three full deployments of TRACS Enterprise solution • New multi-year delay repay deployment due to go live in second half of 2024.
• Grow pipeline of rail technology opportunities in UK and North America	• Addressable pipeline of major software opportunities has more than doubled since 31 July 2023 across UK and North American rail technology markets
• Leverage our unique position in North America to accelerate growth in this market	• Large software licence deployment for a new Computer Aided Dispatch product in the North American transit market goes live in May 2024
• Continue to improve the quality, timeliness, and repeatability of future product delivery	• Continued to enhance capabilities including recruitment of Rail Technology UK CTO and launch of group-wide IT support team

Expand Addressable Markets

Selling our products and services into new markets, including overseas, and expansion into selected sectors that share problems with the industries we currently serve

Focus for FY 24	Progress since 31 July 2023
• Continue to execute organic growth strategy in UK and North America	• 12% increase in Rail Technology & Services recurring and repeat revenue • Completed targeted investment in sales team expansion in North America and UK to accelerate pipeline growth • First pilot deployment of PAYG mobile app platform (‘Hopsta’) underway
• Utilise data analytics, GIS and Earth Observation capabilities to deliver additional insight to our customers across the transportation sector	• Launched Tracsis Geo Intelligence, targeting the deployment of our earth observation technology offering into the UK and North American rail markets
• Disciplined capital allocation for investment in software and technology products	• Invested to complete Hopsta development ahead of first pilot deployment • Growing pipeline of further R&D opportunities being evaluated

Implementing ‘OneTracsis’

Enhanced integration and collaboration across the Group, increasing management capability and bandwidth, and improving our systems and processes, as key foundations to deliver our growth strategy

Focus for FY 24	Progress since 31 July 2023
• Transformation of the Group operating model	• Transformation activities progressing to plan • Headcount reductions where roles duplicated or no longer required • Rail Technology UK fully integrated under a common management team • Closed two operating locations as first stage in streamlining our operating footprint; further rationalisation planned for H2 • Work has started to streamline legal entity footprint
• Alignment of group-wide systems and processes built around ‘OneTracsis’	• Implemented new system to support group-wide IT support services model • Finance systems upgrade progressing to plan and on target for go live during H2
• Continue to execute people strategy	• Further strengthened our core capabilities with targeted recruitment for senior technology and commercial roles • Continued to deliver development programmes for manager and senior leaders, with a focus on high performing teams
• Continue to execute sustainability strategy aligned with our 2030 carbon neutral ambition	• Group-wide ISO14001 (environmental management) implementation completed • Carbon reduction plan being implemented

Enhance Growth Through Acquisition *Supplementing organic growth with value accretive acquisitions that meet our disciplined investment criteria, supported by healthy cash generation and a strong balance sheet*	
Focus for FY 24	**Progress since 31 July 2023**
• Active pursuit of M&A to extend technology and data analytics footprint	• Significant growth in M&A pipeline, focused on UK, North America and targeted overseas markets • Several targets are being evaluated

<u>Trading Progress and Prospects</u>

Rail Technology & Services

Summary segment results:

Revenue	£16.5m	(H1 2023: £19.8m)
Adjusted EBITDA*	£3.4m	(H1 2023: £5.5m)
Profit before Tax	£0.1m	(H1 2023: £2.5m)

Activity levels in our Rail Technology & Services Division remain high. We have delivered further growth in rail technology software usage, have made good progress in delivering our orderbook, and have secured new contract wins that will deliver organic growth going forward.

First half revenue was £3.3m lower than the prior period including the non-repeat of c£2m of perpetual licence revenue in H1 23, as we continue to transition to an increasingly SaaS-focused model for new contract wins. In addition there were lower levels of contract delivery revenue in North America, reflecting the timing of milestone delivery in the orderbook.

We have continued to deliver growth in recurring and repeat revenue as a result of new contract wins and the deployment of contracts won in previous years. This increased by 12% to £12.1m in the first half.

Adjusted EBITDA* decreased by £2.1m to £3.4m. In addition to the lower revenue, this includes c£0.7m of incremental investment made in the second half of the prior year to expand and upskill our SaaS delivery capabilities and the commercial teams in both the UK and North America. This investment has delivered significant growth in the pipeline of major software opportunities. We estimate this has more than doubled in both the UK and North American rail markets during the period, and continues to grow.

Alongside an existing orderbook of rail technology contracts, this leaves the Division well placed to return to growth.

Rail Technology UK

Total revenues from the Group's Rail Technology UK business of £14.3m were at a similar level to the prior period (H1 23: £14.5m), with the non-repeat of £0.8m point in time revenue from software licence deployments in H1 23 offset by underlying growth in recurring software licence revenue across the rail operations & planning product suite.

This was driven by new contract wins and orderbook delivery, including expanding our TRACS Enterprise product suite to support the optimisation of station rostering, which is a further extension of our operational performance capabilities. Work continues on the three full deployments of the TRACS Enterprise solution that are in the orderbook that are due to go fully live from FY25. Delivery timelines in this sector are typically determined in partnership with our customers based around combined resource availability. We continue to see a good pipeline of opportunities for this product.

We have made further progress in growing usage of our Pay As You Go ("PAYG") smart ticketing solution. This technology is well aligned with passenger requirements and with the UK Government's strategic intent to deliver increased PAYG, multi-modal ticketing. The two new PAYG contracts with UK train operators that were announced with the full year 2023 results have been fully implemented and are now live. The deployment with Transport for Wales ("TfW") is the first EMV (contactless bankcard) deployment of this versatile solution on the UK's rail network outside of Transport for London. This will be integrated with our delay repay product to provide an automated, frictionless experience for the customer. TfW intends to ultimately extend this offering to deliver a multi-modal PAYG solution including bus. The second deployment is a smartcard system with Merseyrail that was delivered in March 2024.

We have continued to invest in the deployment of a mobile app platform ('Hopsta') that puts this smart ticketing technology directly in the hands of the consumer and avoids the requirement for expensive gateline infrastructure in stations. The first pilot deployment of this unique solution has started with a UK train operator; this contract was secured during the period. Under this pilot, this technology will be available for customer use for travel during Q4 of this financial year. We have a second contract for a pilot deployment with another UK operator, as was announced with the full year 2023 results. This is still awaiting approval of a contract start date. We continue to see high levels of interest in our smart ticketing product across ITSO smartcard, EMV and barcode solutions.

During the period we have been awarded a new multi-year delay repay deployment. This is being contracted and will go live later in 2024.

Having completed the roll-out of the RailHub safety and risk management platform across Network Rail and its supply chain in the prior year, we have now been contracted to deliver the next significant funded phase of development work to add further functionality to this platform. Work to deliver this has started in the second half of this financial year.

Remote Condition Monitoring volumes remain high, and H1 24 revenue was close to the record level delivered in the prior period. Performance in this product area is linked to the investment cycle trend of its UK customer base which consists of 5 year 'Control Periods'. There was some softening of demand towards the end of Control Period 6 which ran to 31 March 2024. Funding for Control Period 7 has been confirmed and we are already receiving orders funded from this budget.

Rail Technology North America

Revenue of £2.2m was £3.0m lower than the prior period (H1 2023: £5.2m). This is attributable to two main factors. During H1 23 we delivered a £1.2m perpetual software licence deployment that was not repeated in the period. In addition, in the prior year we delivered £1.8m increased revenue from contract milestones based on delivery timelines in the orderbook. We expect this business to return to growth in the second half of this financial year, supported by new contract wins and a large and growing pipeline.

Our strategic focus in North America is on growing and converting the pipeline of large software opportunities, and on increasingly transitioning from a perpetual licence model to SaaS for new contract wins. Having invested in enhancing our sales team in this market during the prior year, we have seen significant growth in the opportunity pipeline during the first half. There will likely be more volatility in the phasing of revenue growth in this market as we procure these opportunities and transition to a SaaS model.

Operational activity in the first half was focused on delivering the full roll-out of the new Computer Aided Dispatch product (PTC BOS[1]) with Northern Indiana Commuter Transportation District ("NICTD"), a US commuter rail customer. Timelines for this are determined in partnership with the customer's operational requirements and regulatory approval, and it is expected to be completed in May 2024. This deployment with NICTD represents the completion of a large project that was in the orderbook when Tracsis acquired the business in 2022. The successful delivery of this system will result in increased recurring revenues, and will open a large new product segment opportunity for Tracsis in North America where the industry is actively looking for new participants. There is a large and growing pipeline of future deployment opportunities for this product.

We continue to see strong demand for our Yard Automation product offering in North America. Post period end we have secured a number of new contracts that will deliver revenue in the second half of this financial year. There is a pipeline of further opportunities that are in the final stages of procurement that are also expected to deliver FY24 revenue.

Data, Analytics, Consultancy & Events

Summary segment results:

Revenue	£20.1m	(H1 2023: £19.5m)
Adjusted EBITDA*	£2.2m	(H1 2023: £1.9m)
Profit before Tax	£0.9m	(H1 2023: £0.5m)

Activity levels across the Data, Analytics, Consultancy & Events Division were high, including record revenue from the Traffic Data & Events business. This more than offset the anticipated non-repeat of c£1.5m Professional Services revenue, resulting in revenue growth of 3% to £20.1m. Adjusted EBITDA* increased by £0.3m to £2.2m. Profit before Tax increased by £0.4m to £0.9m.

During the period we launched Tracsis Geo Intelligence which is targeting the deployment of our earth observation technology offering into the UK and North America rail markets. In combination with the unique data sets that Tracsis' rail technology solutions generate or process, and our existing data analytics and GIS capabilities, we are well placed to deliver integrated solutions that can provide additional insight and capabilities to our customers in areas such as network performance, climate resilience and scenario planning.

The Data, Analytics, Consultancy & Events Division delivered record revenue in FY23, including the benefit from certain revenue items that will not repeat in FY24. This includes certain events and sporting fixtures that are not scheduled to re-occur in the second half of the financial year. We expect the Division overall to deliver a financial performance at a similar level to FY23, with underlying growth elsewhere offsetting this non-repeat revenue.

Professional Services

Total revenue across our Data Analytics/GIS and Transport Insights businesses decreased by 14% to £7.2m (H1 2023: £8.3m). This was principally driven by the non-repeat of certain revenue items in Data Analytics/GIS

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[1] Positive Train Control Back Office Solution. This integrates Tracsis' Computer Aided Dispatching ('CAD') product with the Positive Train Control ('PTC') family of automatic train protection systems in the US.

as expected. This was offset by cost mitigations and there was no material decrease in adjusted EBITDA* associated with this. Our Transport Insights business delivered a similar level of revenue to the prior period. There has been some decrease in activity as Control Period 6 has come to an end, however demand for our travel survey services remains strong.

Traffic Data & Events

Revenue increased by 16% to £12.9m (H1 2023: £11.1m) with Events remaining in high demand, supplemented by high activity levels in Traffic Data including survey work to support large UK transport infrastructure projects. The Events business has secured renewals with several of its largest customers, including the renewal of a large multi-year fixed-venue Events management contract at an increased value.

Financial Summary

The Group's financial performance in the period was consistent with expectations.

Trading Performance

H1 revenue of £36.6m was £2.6m (7%) lower than the prior period (H1 2023: £39.2m). This principally reflects the strong comparable period which included certain non-repeat software licence deployments, as well as the phasing of milestone delivery timelines in the orderbook of rail technology contracts. FY24 revenue growth for the Group will therefore be H2 weighted, as was previously announced.

These one-off revenue items were mainly in the Rail Technology and Services Division, where total revenue was £3.3m (17%) lower than the prior period. This was mainly in North America, where the focus of activities during the period has been on delivering the first implementation of a new Computer Aided Dispatch product with a US commuter rail customer. Revenue in the Rail Technology UK business was at a similar level to the prior period despite the non-repeat of a large software licence deployment in this market. We remain focused on transitioning to an increasingly SaaS-focused model over time in both markets. Recurring and repeat revenue in the Rail Technology and Services Division increased by 12% to £12.1m.

Revenue in the Data, Analytics, Consultancy & Events Division increased by £0.6m (3%) and includes continued high activity levels in the Traffic Data & Events business.

Adjusted EBITDA* of £5.7m was £1.8m (24%) lower than the prior period (H1 2023: £7.5m). This principally reflects the lower level of high margin rail technology revenue described above. H1 24 also includes c£0.8m of incremental investment made in the second half of the prior year to enhance the Group's senior leadership capabilities and to accelerate the growth of the Group's pipeline of large multi-year opportunities.

Transformation Costs

As previously announced, during FY24 the Group is delivering a programme of actions to transform its operating model. These actions will establish a consistent and scalable approach to how the Group develops and delivers enterprise software solutions based around industry best practice, as well as ensuring that its operating systems, processes and footprint are aligned with this operating model. These changes will improve the timeliness, quality and repeatability of delivery, which will enable the Group to accelerate its future growth trajectory. In the period to 31 January 2024 we have incurred £1.3m of non-repeat cash costs in order to deliver this transformation. These are primarily related to headcount reductions where roles are duplicated or no longer required, IT transformation costs to embed industry best practice and remediate any identified historic non-conformance, and third party costs to support the upgrade of the Group's operating systems and processes. These costs have been reported as exceptional items so the underlying year on year trading performance of the Group can be more clearly understood. We expect these actions to be completed during the FY24 financial year, with c£1m of further non-repeat cash costs to be incurred during H2 24.

Statutory Profit

H1 overall delivered a loss before tax of £0.3m (H1 2023: £2.3m profit). In addition to the £1.8m decrease in adjusted EBITDA* described above, this reflects the following items:

- £1.3m non-recurring exceptional cash costs relating to the transformation of the Group's operating model, as described above (H1 2023: £0.5m non-cash costs relating to increases in the fair value of contingent consideration in accordance with IFRS accounting standards);
- £1.1m depreciation charge, £2.8m amortisation of intangible assets, and £0.7m share based payment charges, all at similar levels to the prior period; and
- <£0.1m net finance income (H1 2023: £0.1m expense)

Cash Generation

The Group continues to have significant levels of cash and remains debt free. Cash generation remains healthy.

At 31 January 2024 the Group's cash balances were £16.8m, which is a similar level to the prior period (H1 2023: £17.0m including cash held in escrow) after £9.9m of cash outflows in the twelve months since 31 January 2023 on contingent and deferred consideration and on exceptional operating items related to the transformation of the Group's operating model. The Group is historically more cash generative in the second half of the year, reflecting the timing of licence renewals and the seasonality of certain parts of the Group.

Free cash flow+ increased to £1.2m (H1 2023: £0.7m), despite the £1.8m decrease in adjusted EBITDA* described above. This reflects the following items:

- A net £0.3m increase in working capital (H1 2023: £4.7m increase) including the unwind of the large trade receivables balance at 31 July 2023;
- Net capital expenditure increased to £0.9m (H1 2023: £0.3m) which principally reflects investment in IT assets as part of implementing a new group-wide IT operating environment, and the replacement cycle of our vehicle fleet including further investment in electric vehicles;
- Net lease liability payments of £0.5m were £0.2m lower than the prior period (H1 2023: £0.7m) including the initial benefit from rationalising our operating footprint;
- Capitalised development costs of £0.2m (H1 2023: £nil) relate to the Hopsta smart ticketing mobile app platform for our PAYG smart ticketing technology and other new product development in the UK and North America;

- £1.3m cash outflows on exceptional items (H1 2023: £nil). These costs relate to the programme of transformation activities being undertaken during FY24, as described above. They are non-recurring in nature;
- Tax paid of £1.3m was at a similar level to the prior period (H1 2023: £1.2m) and includes payments on account based on the Group's expected financial performance in the second half of the year; and
- Cash inflows from net interest received, proceeds from the exercise of share options, and the profit or loss on disposal of property, plant and equipment were not material and were overall at a similar level to the prior period.

Free Cash Flow+

	Unaudited Six months Ended 31 January 2024 £'m	Unaudited Six months Ended 31 January 2023 £'m	Audited Year Ended 31 July 2023 £'m
Adjusted EBITDA *	**5.7**	7.5	16.0
Changes in working capital	**(0.3)**	(4.7)	(2.7)
Purchase of plant and equipment (net of proceeds from disposal)	**(0.9)**	(0.3)	(1.5)
Lease liability payments (net of lease receivable receipts)	**(0.5)**	(0.7)	(1.5)
Capitalised development costs	**(0.2)**	-	(0.3)
Cash outflows on exceptional items	**(1.3)**	-	-
Tax paid	**(1.3)**	(1.2)	(2.1)
Other(1)	**-**	0.1	0.1
Free Cash Flow+	**1.2**	0.7	8.0

+ Net cash flow from operating activities after purchase of property, plant and equipment, proceeds from disposal of property, plant and equipment, proceeds from exercise of share options, lease liability payments, lease liability receipts and capitalised development costs, and before payment of contingent consideration
(1) Includes net interest received or paid, profit on disposal of plant & equipment, and proceeds from exercise of share options

All material earn-outs were completed in the previous financial year, and there was no cash outflow in the six months to January 2024 relating to contingent consideration on previous acquisitions (H1 2023: £1.0m). At 31 January 2024 the total balance of contingent and deferred consideration payable was £0.46m, of which £0.3m was paid in February 2024 relating to the final tranche of deferred consideration for the 2021 acquisition of Flash Forward Consulting.

There was a favourable impact from foreign exchange of £0.2m (H1 2023: £0.1m) resulting in an increase in total cash balances of £1.4m (H1 2023: £0.2m decrease).

Dividend

The Board has declared an interim dividend of 1.1 pence per share which will be paid on 24 May 2024 to shareholders on the register at 10 May 2024. A final dividend of 1.2 pence per share was paid on 9 February 2024 in respect of the year ended 31 July 2023. The Board intends to pursue a sustainable and progressive dividend policy in the future, having regard to the development of the Group.

Board

Ross Paterson was appointed to the Board as a Non-Executive Director on 2 April 2024. Liz Richards will step down from the Board on 30 June 2024. Ross will succeed Liz as Chair of the Audit Committee on this date.

Summary and Outlook

Activity in the first half of the year has been focused on delivering the orderbook, growing the pipeline of major software opportunities, and executing the programme of actions to transform the Group's operating model. We have made good progress in all areas and the Group is well placed to deliver growth in the second half of this financial year and beyond.

Our end market drivers are strong. In the UK and North America we see significant long-term tailwinds as the industry looks to modernise and adopt digital solutions. A change of government in either geography is not expected to impact these growth drivers. We remain confident that Tracsis is well placed to capitalise on these changes and we have a rapidly growing pipeline of organic and inorganic opportunities to help drive market share and expand our footprint in these markets. Our products and services deliver digital transformation that enables our customers to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety. In combination with the unique data sets that Tracsis' technology solutions generate or process, and our capabilities in data analytics, GIS and earth observation, we are uniquely positioned to deliver increasingly integrated solutions that deliver enhanced insight and capabilities for our customers.

The Group has a clear growth strategy and has a strong balance sheet to support its delivery. We continue to actively pursue M&A opportunities, with a focus on extending our software and technology footprint and enhancing recurring revenue growth. We continue to evaluate a growing pipeline of opportunities in line with our disciplined approach.

We have entered the second half of the year with confidence in the strength of our financial position and in the growth opportunities for the Group. Though external factors mean there remains some near-term uncertainty around procurement and delivery timelines, there has been an encouraging start to Q3 trading and activity levels are high across the business. Post period end we have secured a number of new contract wins with delivery milestones in the second half of this financial year. There is a good pipeline of opportunities in the final stages of procurement that are also expected to deliver revenue in FY24, primarily in North America.

The Board's expectations for the year to 31 July 2024 remain unchanged.

Jill Easterbrook	Chris Barnes
Non-Executive Chair	Chief Executive Officer

24 April 2024

Tracsis plc - Condensed consolidated interim statement of comprehensive income for the six months ended 31 January 2024

	Notes	**Unaudited six months ended 31 January 2024 £'000**	Unaudited six months ended 31 January 2023 £'000	Audited Year ended 31 July 2023 £'000
Revenue	3	**36,582**	39,213	82,023
Cost of sales		**(14,520)**	(14,511)	(32,072)
Gross profit		**22,062**	24,702	49,951
Administrative costs		**(22,370)**	(22,322)	(42,696)
Adjusted EBITDA [1]	3, 10	**5,674**	7,464	15,952
Depreciation		**(1,144)**	(1,066)	(2,110)
Amortisation of intangible assets		**(2,802)**	(2,808)	(5,599)
Other operating income		**-**	-	350
Share-based payment charges		**(740)**	(666)	(1,248)
Operating profit before exceptional items		**988**	2,924	7,345
Exceptional items	4	**(1,296)**	(544)	(90)
Operating (loss) / profit		**(308)**	2,380	7,255
Net finance income / (expense)	5	**40**	(124)	(119)
(Loss) / profit before tax		**(268)**	2,256	7,136
Taxation		**(220)**	(615)	(329)
(Loss) / profit after tax		**(488)**	1,641	6,807
Other comprehensive income / (expense)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		**194**	507	(205)
Total comprehensive (expense) / income for the period		**(294)**	2,148	6,602
Earnings per ordinary share				
Basic	6	**(1.62p)**	5.55p	22.81p
Diluted	6	**(1.62p)**	5.41p	22.30p

[1] Earnings before net finance income / expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity-accounted investees – see note 10.

Tracsis plc - Condensed consolidated interim balance sheet as at 31 January 2024

	Notes	**Unaudited At 31 January 2024 £'000**	Unaudited At 31 January 2023 Remeasured* £'000	Audited At 31 July 2023 £'000
Non-current assets				
Property, plant and equipment		**5,104**	4,585	4,789
Intangible assets		**55,242**	60,779	57,694
Deferred tax assets		**666**	503	650
		61,012	65,867	63,133
Current assets				
Inventories		**1,461**	1,234	1,465
Trade and other receivables		**13,605**	17,874	20,371
Current tax receivables		**1,609**	-	628
Cash held in escrow		**-**	2,191	-
Cash and cash equivalents		**16,755**	14,800	15,307
		33,430	36,099	37,771
Total assets		**94,442**	101,966	100,904
Non-current liabilities				
Lease liabilities		**794**	1,235	953
Contingent consideration payable	11	**145**	790	139
Deferred consideration payable	11	**-**	303	-
Deferred tax liabilities		**6,909**	7,875	7,161
		7,848	10,203	8,253
Current liabilities				
Lease liabilities		**1,435**	1,316	1,137
Trade and other payables		**16,856**	18,645	23,435
Contingent consideration payable	11	**-**	8,150	-
Deferred consideration payable	11	**314**	314	308
Current tax liabilities		**126**	-	-
		18,731	28,425	24,880
Total liabilities		**26,579**	38,628	33,133
Net assets		**67,863**	63,338	67,771
Equity attributable to equity holders of the Company				
Called up share capital		**128**	119	120
Share premium reserve		**6,535**	6,511	6,535
Merger reserve		**6,161**	6,161	6,161
Retained earnings		**54,765**	49,755	54,875
Translation reserve		**324**	842	130
Fair value reserve		**(50)**	(50)	(50)
Total equity		**67,863**	63,338	67,771

* As described in the Group's Annual Report for the year ended 31 July 2023, the comparative balance sheet at 31 January 2023 has been amended following the re-measurement of deferred tax liabilities on intangible assets recognised in the Group's March 2022 acquisition of Railcomm with a corresponding adjustment to goodwill arising on the acquisition. This has had the effect of reducing intangible assets and deferred tax liabilities by £2,292,000 at 31 January 2023; there was no impact on net assets.

Tracsis plc – Consolidated interim statement of changes in equity for the six months ended 31 January 2024

Unaudited	**Share Capital £'000**	**Share Premium £'000**	**Merger Reserve £'000**	**Retained Earnings £'000**	**Translation Reserve £'000**	**Fair Value Reserve £'000**	**Total £'000**
At 1 August 2022	119	6,436	6,161	47,448	335	(50)	60,449
Profit for the period	-	-	-	1,641	-	-	1,641
Other comprehensive income	-	-	-	-	507	-	507
Total comprehensive income	-	-	-	1,641	507	-	2,148
Transactions with owners:							
Share-based payment charges	-	-	-	666	-	-	666
Exercise of share options	-	75	-	-	-	-	75
At 31 January 2023	119	6,511	6,161	49,755	842	(50)	63,338
At 1 February 2023	119	6,511	6,161	49,755	842	(50)	63,338
Profit for the period	-	-	-	5,166	-	-	5,166
Other comprehensive income	-	-	-	-	(712)	-	(712)
Total comprehensive income	-	-	-	5,166	(712)	-	4,454
Transactions with owners:							
Dividends	-	-	-	(628)	-	-	(628)
Share-based payment charges	-	-	-	582	-	-	582
Exercise of share options	1	24	-	-	-	-	25
At 31 July 2023	120	6,535	6,161	54,875	130	(50)	67,771
At 1 August 2023	**120**	**6,535**	**6,161**	**54,875**	**130**	**(50)**	**67,771**
Loss for the period	**-**	**-**	**-**	**(488)**	**-**	**-**	**(488)**
Other comprehensive expense	**-**	**-**	**-**	**-**	**194**	**-**	**194**
Total comprehensive income	**-**	**-**	**-**	**(488)**	**194**	**-**	**(294)**
Transactions with owners:							
Dividends	**-**	**-**	**-**	**(362)**	**-**	**-**	**(362)**
Share-based payment charges	**-**	**-**	**-**	**740**	**-**	**-**	**740**
Exercise of share options	**8**	**-**	**-**	**-**	**-**	**-**	**8**
At 31 January 2024	**128**	**6,535**	**6,161**	**54,765**	**324**	**(50)**	**67,863**

Tracsis plc - Condensed consolidated interim cash flow statement for the six months ended 31 January 2024

	Notes	**Unaudited six months ended 31 January 2024 £'000**	Unaudited six months ended 31 January 2023 £'000	Audited Year ended 31 July 2023 £'000
Operating activities				
(Loss) / profit for the period		**(488)**	1,641	6,807
Net finance (income) / expense	5	**(40)**	124	119
Depreciation		**1,144**	1,066	2,110
(Profit) / loss on disposal of property, plant and equipment		**(16)**	11	9
Non-cash exceptional items	4	**7**	544	90
Payment of contingent consideration *	11	**-**	-	(1,661)
Other operating income		**-**	-	(350)
Amortisation of intangible assets		**2,802**	2,808	5,599
Income tax charge		**220**	615	329
Share-based payment charges		**740**	666	1,248
Operating cash inflow before changes in working capital		**4,369**	7,475	14,300
Movement in inventories		**13**	(144)	(416)
Movement in trade and other receivables		**6,779**	615	(2,085)
Movement in trade and other payables		**(7,042)**	(5,138)	(213)
Cash generated from operations		**4,119**	2,808	11,586
Interest received	5	**70**	8	36
Income tax paid		**(1,337)**	(1,180)	(2,065)
Net cash flow from operating activities		**2,852**	1,636	9,557
Investing activities				
Purchase of property, plant and equipment		**(951)**	(263)	(1,524)
Proceeds from disposal of property, plant and equipment		**49**	9	10
Capitalised development costs		**(204)**	-	(300)
Payment of contingent consideration *	11	**-**	(965)	(7,591)
Cash held in escrow for payment of contingent consideration		**-**	-	2,233
Payment of deferred consideration	11	**-**	-	(315)
Net cash flow used in investing activities		**(1,106)**	(1,219)	(7,487)
Financing activities				
Dividends paid	8	**-**	-	(628)
Proceeds from exercise of share options		**8**	75	100
Lease liability payments		**(537)**	(766)	(1,491)
Lease receivable receipts		**16**	15	32
Net cash flow used in financing activities		**(513)**	(676)	(1,987)
Net increase/(decrease) in cash and cash equivalents		**1,233**	(259)	83
Exchange adjustments		**215**	89	254
Cash and cash equivalents at the beginning of the period		**15,307**	14,970	14,970
Cash and cash equivalents at the end of the period		**16,755**	14,800	15,307

*Payments of contingent consideration during the comparative period have been included within:

- cash flow used in investing activities to the extent that they relate to the fair value of assets acquired in the business combinations; and
- cash flow from operating activities to the extent that they relate to conditions and events after the acquisition date which have been recognised in profit and loss.

Notes to the consolidated interim report for the six months ended 31 January 2024

1 Basis of preparation

The unaudited consolidated interim financial information has been prepared under the historical cost convention and in accordance with the recognition and measurement requirements of UK-adopted international accounting standards. There has been no ISRE 2410 accordant review of the consolidated interim financial information by an independent auditor. The condensed consolidated interim financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should therefore be read in conjunction with the Group's Annual Report for the year ended 31 July 2023, which has been prepared in accordance with UK-adopted international accounting standards and is available on the Group's investor website.

The accounting policies used in the financial information are consistent with those used in the Group's consolidated financial statements as at and for the year ended 31 July 2023, as detailed on pages 79 to 85 of the Group's Annual Report and Financial Statements for the year ended 31 July 2023, a copy of which is available on the Group's website: https://tracsis.com/investors.

The comparative financial information contained in the condensed consolidated financial information in respect of the year ended 31 July 2023 has been extracted from the 2023 Financial Statements. Those financial statements have been reported on by Grant Thornton UK LLP and delivered to the Registrar of Companies. The report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at the year ended 31 July 2023.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 July 2023.

There have been no new accounting standards or changes to existing accounting standards applied for the first time from 1 August 2023 which have a material effect on these interim results. The Group has chosen not to early adopt any new standards or amendments to existing standards or interpretations.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this interim financial information. The Group is debt free and has substantial cash resources. At 31 January 2024 the Group had net cash and cash equivalents totalling £16.8m. The Board has considered future cash flow requirements taking into account reasonably possible changes in trading financial performance.

The condensed consolidated interim financial information was approved for issue on 23 April 2024.

2 Principal Risks and Uncertainties

The Board considers risks on a periodic basis and has maintained that the principal risks and uncertainties of the Group are consistent with the previous year. These risks and uncertainties are expected to be unchanged for the remainder of the financial year. Further details are provided on pages 48 to 53 of the Annual Report & Accounts for the year ended 31 July 2023.

3 Revenue and Segmental analysis

a) Revenue

Sales revenue is summarised below:

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£'000	£'000
Rail Technology & Services	**16,477**	19,751	37,862
Data, Analytics, Consultancy & Events	**20,105**	19,462	44,161
Total revenue	**36,582**	39,213	82,023

A geographical analysis of revenue by customer location is provided below:

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£'000	£'000
United Kingdom	**29,121**	27,262	61,422
Ireland	**4,898**	6,065	10,802
Rest of Europe	**229**	284	378
North America	**1,907**	5,441	8,643
Rest of the World	**427**	161	778
Total revenue	**36,582**	39,213	82,023

b) Segmental Analysis

The Group has divided its results into two segments being Rail Technology & Services and Data, Analytics, Consultancy & Events consistent with the disclosure in the 2023 financial statements.

The Group has a wide range of products and services for the rail industry, such as software, hosting services and remote condition monitoring, and these have been included within the Rail Technology & Services segment as they have similar customer bases (such as Train Operating Companies and Infrastructure Providers). Traffic data collection, event planning and traffic management, data, analytics and consultancy offerings have similar economic characteristics and distribution methods and so have been included within the Data, Analytics, Consultancy & Events segment.

In accordance with IFRS 8 "Operating Segments", the Group has made the following considerations to arrive at the disclosure made in these financial statements. IFRS 8 requires consideration of the Chief Operating Decision Maker ("CODM") within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Executive Directors, who review internal monthly management reports, budgets and forecast information as part of this. Accordingly, the Executive Directors are deemed to be the CODM.

Operating segments have then been identified based on the internal reporting information and management structures within the Group. From such information it has been noted that the CODM reviews the business as two operating segments, receiving internal information on that basis. The management structure and allocation of key resources, such as operational and administrative resources, are arranged on a centralised basis.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance. There are no material inter-segment transactions; however, when they do occur, pricing between segments is determined on an arm's length basis. Revenues disclosed below materially represent revenues to external customers. Segmental profit before tax has been further analysed to allocate amortisation and exceptional items. Segmental assets and liabilities have been further analysed to allocate intangibles and investments, contingent consideration and deferred consideration to each individual segment.

	Six months ended 31 January 2024			
	Rail Technology & Services £'000	**Data, Analytics, Consultancy & Events £'000**	**Unallocated £'000**	**Total £'000**
Revenues				
Total revenue for reportable segments	**16,477**	**20,105**	**-**	**36,582**
Consolidated revenue	**16,477**	**20,105**	**-**	**36,582**
Profit or loss				
EBITDA for reportable segments	**3,435**	**2,239**	**-**	**5,674**
Amortisation of intangible assets	**(2,201)**	**(601)**	**-**	**(2,802)**
Depreciation	**(505)**	**(639)**	**-**	**(1,144)**
Exceptional items (net)	**(634)**	**(71)**	**(591)**	**(1,296)**
Share-based payment charges	**-**	**-**	**(740)**	**(740)**
Interest payable (net)	**54**	**(14)**	**-**	**40**
Consolidated profit / (loss) before tax	**149**	**914**	**(1,331)**	**(268)**

	Six months ended 31 January 2023			
	Rail Technology & Services £'000	Data, Analytics, Consultancy & Events £'000	Unallocated £'000	Total £'000
Revenues				
Total revenue for reportable segments	19,751	19,462	-	39,213
Consolidated revenue	19,751	19,462	-	39,213
Profit or loss				
EBITDA for reportable segments	5,548	1,916	-	7,464
Amortisation of intangible assets	(2,120)	(688)	-	(2,808)
Depreciation	(459)	(607)	-	(1,066)
Exceptional items (net)	(464)	(80)	-	(544)
Share-based payment charges	-	-	(666)	(666)
Interest payable (net)	(38)	(32)	(54)	(124)
Consolidated profit / (loss) before tax	2,467	509	(720)	2,256

	Year ended 31 July 2023			
	Rail Technology & Services £'000	Data, Analytics, Consultancy & Events £'000	Unallocated £'000	Total £'000
Revenues				
Total revenue for reportable segments	37,862	44,161	-	82,023
Consolidated revenue	37,862	44,161	-	82,023
Profit or loss				
EBITDA for reportable segments	10,373	5,579	-	15,952
Amortisation of intangible assets	(4,273)	(1,326)	-	(5,599)
Depreciation	(913)	(1,197)	-	(2,110)
Exceptional items (net)	-	-	(90)	(90)
Other operating income	-	-	350	350
Share-based payment charges	-	-	(1,248)	(1,248)
Interest payable (net)	(31)	(88)	-	(119)
Consolidated profit / (loss) before tax	5,156	2,968	(988)	7,136

	31 January 2024			
	Rail Technology & Services	**Data, Analytics, Consultancy & Events**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Total other assets for reportable segments	**10,835**	**10,944**	**-**	**21,779**
Intangible assets and investments	**45,521**	**9,721**	**-**	**55,242**
Deferred tax assets	**-**	**-**	**666**	**666**
Cash and cash equivalents	**7,978**	**8,777**	**-**	**16,755**
Consolidated total assets	**64,334**	**29,442**	**666**	**94,442**
Liabilities				
Total other liabilities for reportable segments	**(14,268)**	**(4,581)**	**(362)**	**(19,211)**
Deferred tax liabilities	**-**	**-**	**(6,909)**	**(6,909)**
Contingent consideration	**-**	**(145)**	**-**	**(145)**
Deferred consideration	**-**	**(314)**	**-**	**(314)**
Consolidated total liabilities	**(14,268)**	**(5,040)**	**(7,271)**	**(26,579)**

	31 January 2023 remeasured*			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£'000	£'000	£'000	£'000
Assets				
Total other assets for reportable segments	13,359	10,334	-	23,693
Intangible assets and investments	49,707	11,072	-	60,779
Deferred tax assets	-	-	503	503
Cash held in escrow	2,191	-	-	2,191
Cash and cash equivalents	7,408	7,392	-	14,800
Consolidated total assets	72,665	28,798	503	101,966
Liabilities				
Total other liabilities for reportable segments	(14,918)	(6,278)	-	(21,196)
Deferred tax liabilities	-	-	(7,875)	(7,875)
Contingent consideration	(7,808)	(1,132)	-	(8,940)
Deferred consideration	-	(617)	-	(617)
Consolidated total liabilities	(22,726)	(8,027)	(7,875)	(38,628)

	Rail Technology & Services £'000	Data, Analytics, Consultancy & Events £'000	Unallocated £'000	Total £'000
	31 July 2023			
Assets				
Total other assets for reportable segments	11,196	16,057	-	27,253
Intangible assets and investments	47,362	10,332	-	57,694
Deferred tax assets	-	-	650	650
Cash and cash equivalents	7,959	7,348	-	15,307
Consolidated total assets	66,517	33,737	650	100,904
Liabilities				
Total other liabilities for reportable segments	(15,707)	(9,818)	-	(25,525)
Deferred tax liabilities	-	-	(7,161)	(7,161)
Contingent consideration	-	(139)	-	(139)
Deferred consideration	-	(308)	-	(308)
Consolidated total liabilities	(15,707)	(10,265)	(7,161)	(33,133)

* As described in the Group's Annual Report for the year ended 31 July 2023, the comparative balance sheet at 31 January 2023 has been amended following the re-measurement of deferred tax liabilities on intangible assets recognised in the Group's March 2022 acquisition of Railcomm with a corresponding adjustment to goodwill arising on the acquisition. This has had the effect of reducing intangible assets and deferred tax liabilities by £2,292,000 at 31 January 2023 there was no impact on net assets.

4 Exceptional items

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £'000	Year ended 31 July 2023 £'000
Non-cash:			
Contingent consideration fair value adjustment	**-**	118	(559)
Unwind of discounting of contingent consideration	**7**	426	649
Cash:			
Transformation costs - headcount	**564**	-	-
Transformation costs - IT	**471**	-	-
Transformation costs - other	**254**	-	-
Total exceptional items	**1,296**	544	90
Split:			
Non-cash	**7**	544	90
Cash	**1,289**	-	-
Total	**1,296**	544	90

As described in the Group's Annual Report for the year ended 31 July 2023, the Group is undertaking a series of actions to transform its operating model. These actions will establish a consistent and scalable approach to how the Group develops and delivers enterprise software solutions based around industry best practice, as well as ensuring that its operating systems, processes and footprint are aligned with this operating model. These changes will improve the timeliness, quality and repeatability of delivery, which will enable the Group to accelerate its future growth trajectory.

The Group's accounting policy is to classify items which are significant by their size or nature and/or which are considered non-recurring as exceptional operating items. The costs associated with delivering this programme of actions have been reported as exceptional operating items consistent with this policy since they are material in size and nature, and are non-recurring.

Exceptional costs of £1,289,000 associated with delivering this programme of actions have been recognised in the income statement during the period. These costs principally relate to: headcount reductions where roles are duplicated or no longer required; IT transformation costs to embed industry best practices and remediate any identified historic non-conformance; and third party costs to support the upgrade of the Group's operating systems and processes.

5 Net finance income / (expense)

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £'000	Year ended 31 July 2023 £'000
Interest received on bank deposits	**70**	8	36
Net interest on lease liabilities	**(50)**	(57)	(96)
Net foreign exchange gain/(loss)	**26**	(64)	(41)
Unwind of discount of deferred consideration	**(6)**	(11)	(18)
Total net finance income / (expense)	**40**	(124)	(119)

6 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the half year ended 31 January 2024 was based on the loss attributable to ordinary shareholders of (£488,000) (half year to 31 January 2023: profit £1,641,000, year ended 31 July 2023: profit £6,807,000) and a weighted average number of ordinary shares in issue of 30,062,000 (half year to 31 January 2023: 29,583,000, year ended 31 July 2023: 29,836,000).

Diluted earnings per share

The calculation of diluted earnings per share for the half year ended 31 January 2024 was based on the loss attributable to ordinary shareholders of (£488,000) (half year to 31 January 2023: profit £1,641,000, year ended 31 July 2023: profit £6,807,000) and the weighted average number of ordinary shares in issue of 30,062,000 with no adjustment presented for potential ordinary shares since such shares were antidilutive in the period (half year to 31 January 2023: 30,336,000, year ended 31 July 2023: 30,529,000).

Adjusted EPS

In addition, Adjusted Profit EPS is shown below on the grounds that it is a common metric used by the market in monitoring similar businesses. These figures are relevant to the Group and are provided to enable a comparison to similar businesses and are metrics used by equity analysts who cover the Group. Amortisation and share-based payment charges are deemed to be non-cash at the point of recognition in nature, and exceptional items by their very nature are one-off, and therefore excluded in order to assist with the understanding of underlying trading. A reconciliation of this figure is provided below.

Diluted Adjusted Profit EPS has been calculated based on a weighted average number of ordinary shares in issue plus adjustment for the effects of all dilutive potential ordinary shares which totalled 30,636,000 (half year to 31 January 2023: 30,336,000, year ended 31 July 2023: 30,529,000).

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£'000	£'000
(Loss) / profit after tax	**(488)**	1,641	6,807
Amortisation of intangible assets	**2,802**	2,808	5,599
Share-based payment charges	**740**	666	1,248
Exceptional items (net)	**1,296**	544	90
Other operating income	**-**	-	(350)
Tax impact of the above adjusting items	**(1,191)**	(763)	(1,638)
Adjusted profit for EPS purposes	**3,159**	4,896	11,756

Weighted average number of ordinary shares
In thousands of shares

For the purposes of calculating basic earnings per share	**30,062**	29,583	29,836
Adjustment for the effects of all dilutive potential ordinary shares	**-**	753	693
For the purposes of calculating diluted earnings per share	**30,062**	30,336	30,529

For the purposes of calculating basic adjusted earnings per share	**30,062**	29,583	29,836
Adjustment for the effects of all dilutive potential ordinary shares	**574**	753	693
For the purposes of calculating diluted adjusted earnings per share	**30,636**	30,336	30,529

Basic adjusted earnings per share	**10.51p**	16.55p	39.40p
Diluted adjusted earnings per share	**10.31p**	16.14p	38.51p

7 Seasonality and Phasing

The Group offers a wide range of products and services within its overall suite, meaning that revenues can fluctuate depending on the status and timing of certain activities.

Some of the Group's revenue streams are exposed to high levels of seasonality. This is most material in the Group's Data, Analytics, Consultancy & Events Division, which derives significant amounts of revenue from work taking place at certain times of the year, in particular for Events which has a very high level of seasonality based on the timing of events, and Traffic Data where work typically takes place when the weather conditions are more predictable. These factors mean that revenue in the Group's Data, Analytics, Consultancy & Events Division is usually higher in the second half of the financial year.

Other revenue streams are dependent on the timing of new contract wins, project milestones, and software licence renewals.

The Group's Rail Technology and Services Division delivers some large software development projects, where revenue is recognised dependent on either the work performed or project milestones delivered. The timing of these can vary depending on commercial terms and customer requirements. Revenues from remote condition monitoring are also driven by the size and timing of significant orders received from major customers. The timing of certain software licence renewals, including where revenue is recognised at a point in time, can fluctuate over a twelve-month cycle. The timing of new contract wins is also variable between reporting periods.

Customers in the North American rail technology market have historically procured software licences under a perpetual licence model more than in the UK market. The Group believes that this will transition to an increasingly SaaS-focused model over time. During this period there will likely be more volatility in the phasing of revenue growth in the North American market.

In the Group's Data, Analytics, Consultancy and Events Division, certain revenue streams are similarly impacted by the timing of projects and delivery of work depending on customer requirements.

As such, the overall Group continues to be exposed to a high degree of seasonality throughout the year and variability in revenue phasing between reporting periods.

8 Dividends

The Board has declared an interim dividend of 1.1 pence per share which will be paid on 24 May 2024 to shareholders on the register at 10 May 2024. A final dividend of 1.2 pence per share was paid on 9th February 2024 in respect of the year ended 31 July 2023 and a corresponding liability of £362,000 has been recognised within trade and other payables at 31 January 2024. The Board intends to pursue a sustainable and progressive dividend policy in the future, having regard to the development of the Group.

9 Related party transactions

The following transactions took place during the period with related parties:

	Purchase of goods and services			Amounts owed to related parties		
	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023	**At 31 January 2024**	At 31 January 2023	At 31 July 2023
	£'000	£'000	£'000	**£'000**	£'000	£'000
Nutshell Software Limited (1)	**-**	12	10	**-**	-	28
Vivacity Labs Limited (1)	**265**	225	356	**-**	137	35
Ashtead Group PLC (2)	**18**	-	1	**-**	-	1

	Sale of goods and services			Amounts owed by related parties		
	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023	**At 31 January 2024**	At 31 January 2023	At 31 July 2023
	£'000	£'000	£'000	**£'000**	£'000	£'000
WSP UK Limited (3)	**37**	889	3,238	**-**	75	1,323
Nutshell Software Limited (1)	**16**	26	41	**3**	-	-
Ashtead Group PLC (2)	**-**	-	7	**-**	-	-

(1) Nutshell Software Limited and Vivacity Labs Limited are related parties by virtue of the Group's shareholding in these entities.

(2) Ashtead Group PLC ("Ashtead ") is a company which is connected to Jill Easterbrook who serves as non-executive Chair of Tracsis plc and also as a non-executive director of Ashtead. Sales to and purchases from Ashtead took place at arm's length commercial rates and were not connected to Ms Easterbrook's position at Ashtead.

(3) WSP UK Limited (WSP) is a company which was connected to Chris Cole who served as non-executive Chairman of Tracsis plc until 1 September 2023 and also of WSP Global Inc, WSP's parent company. Sales to WSP took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP. Sales and amounts owed to WSP are disclosed for the period whilst it was a related party.

10 Reconciliation of alternative profit metrics ("APMs")

The Group uses APMs, which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). These metrics adjust for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. The largest components of the adjusting items, being depreciation, amortisation, share-based payments, and share of result of equity-accounted investees, are "non-cash" items and are separately analysed to assist with the understanding of underlying trading. Share-based payments are adjusted to reflect the underlying performance of the Group as the fair value on initial recognition is impacted by market volatility that does not correlate directly to trading performance. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes.

Adjusted EBITDA

Calculated as earnings before net finance income or expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity-accounted investees. This metric is used to show the underlying trading performance of the Group from period to period in a consistent manner and is a key management incentive metric. The closest equivalent statutory measure is profit before tax. Adjusted EBITDA can be reconciled to statutory profit before tax as set out below:

	Six months ended 31 January 2024 £'000	Six months ended 31 January 2023 £000	Year ended 31 July 2023 £000
(Loss) / profit before tax	**(268)**	2,256	7,136
Net finance (income) / expense	**(40)**	124	119
Share-based payment charges	**740**	666	1,248
Exceptional items	**1,296**	544	90
Other operating income	**-**	-	(350)
Amortisation of intangible assets	**2,802**	2,808	5,599
Depreciation	**1,144**	1,066	2,110
Adjusted EBITDA	**5,674**	7,464	15,952

Adjusted Basic Earnings per Share

Calculated as profit after tax before amortisation, share-based payment charges, exceptional items and other operating income divided by the weighted average number of ordinary shares in issue during the period. This is a common metric used by the market in monitoring similar businesses and is used by equity analysts who cover the Group to better understand the underlying performance of the Group. See note 6: Earnings per share.

Free cash flow

Calculated as net cash flow from operating activities after purchase of property, plant and equipment, proceeds from disposal of property, plant and equipment, proceeds from exercise of share options, lease liability payments, lease receivable receipts and capitalised development costs, and before payment of contingent consideration. This measure reflects the cash generated in the period that is available to invest in accordance with the Group's growth strategy and capital allocation policy. Free cash flow reconciles to net cash flow from operating activities as set out below:

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£000	£000
Net cash flow from operating activities	**2,852**	1,636	9,557
Purchase of property, plant and equipment	**(951)**	(263)	(1,524)
Proceeds from disposal of property, plant and equipment	**49**	9	10
Capitalised development costs	**(204)**	-	(300)
Proceeds from exercise of share options	**8**	75	100
Add back: payment of contingent consideration presented within cash flow from operating activities	**-**	-	1,661
Lease liability payments	**(537)**	(766)	(1,491)
Lease receivable receipts	**16**	15	32
Free cash flow	**1,233**	706	8,045

11 Contingent and deferred Consideration

a) Contingent consideration

During the financial year ended 31 July 2023, the final contingent consideration due on the acquisitions of Compass Informatics Limited, Bellvedi Limited, iBlocks Limited and Railcomm, LLC and Railcomm Associates was paid.

In November 2021 the Group acquired The Icon Group Limited ("Icon"). Under the share purchase agreement, contingent consideration is payable which is based on the profitability of Icon in the three-year period after the acquisition, and on the successful renewal of certain key contracts. Contingent consideration is payable in Euros up to a maximum of €1,750,000 (£1,493,000). The fair value of the amount payable was assessed at €170,000 (£145,000) at 31 January 2024.

At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows:

	31 January 2024	31 January 2023	31 July 2023
	£000	£000	£000
Compass Informatics Limited	**-**	273	-
Bellvedi Limited	**-**	3,218	-
iBlocks Limited	**-**	2,410	-
The Icon Group Limited	**145**	858	139
Railcomm, LLC	**-**	2,181	-
Total contingent consideration payable	**145**	8,940	139

The movement on contingent consideration is summarised in the table below:

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£000	£000
At the start of the period	**139**	9,321	9,321
Cash payment	**-**	(965)	(9,252)
Fair value adjustment to statement of comprehensive income	**-**	118	(559)
Unwind of discounting	**7**	426	649
Exchange adjustment	**(1)**	40	(20)
At the end of the period	**145**	8,940	139

The ageing profile of the remaining liabilities can be summarised as follows:

	31 January 2024	31 January 2023	31 July 2023
	£000	£000	£000
Payable in less than one year	**-**	8,150	-
Payable in more than one year	**145**	790	139
Total contingent consideration payable	**145**	8,940	139

b) Deferred consideration

The Group acquired Flash Forward Consulting Limited on 26 February 2021. As part of this acquisition cash consideration totalling £945,000 became payable in three equal instalments on the first, second and third anniversary of the acquisition date. At acquisition the present value of this deferred consideration was assessed as £878,000 discounted using a rate of 3.75%. At 31 January 2024 the present value of this deferred consideration is £314,000. The movement on deferred consideration can be summarised as follows:

	Six months ended 31 January 2024	Six months ended 31 January 2023	Year ended 31 July 2023
	£'000	£000	£000
At the start of the period	**308**	605	605
Cash payment	**-**	-	(315)
Unwind of discounting	**6**	12	18
At the end of the period	**314**	617	308

The ageing profile of the remaining liabilities can be summarised as follows:

	31 January 2024	31 January 2023	31 July 2023
	£000	£000	£000
Payable in less than one year	**314**	314	308
Payable in more than one year	**-**	303	-
Total contingent consideration payable	**314**	617	308

12 Subsequent Events

On 2 April 2024 Ross Paterson was appointed to the Board as a Non-Executive Director.

Further information for Shareholders

Company number:	05019106
Registered office:	Nexus Discovery Way Leeds LS2 3AA
Directors:	Jill Easterbrook (Non-Executive Chair) Chris Barnes (Chief Executive Officer) Andrew Kelly (Chief Financial Officer) Ross Paterson (Non-Executive Director) Liz Richards (Non-Executive Director) James Routh (Non-Executive Director) Tracy Sheedy (Non-Executive Director)
Company Secretary:	Jan Mitson