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

Audited results for the year ended 31 July 2024

Significant operational transformation, with continued growth in annual recurring revenues

Tracsis (LSE: TRCS), a leading transport technology provider, is pleased to announce its audited final results for the year ended 31 July 2024.

Financial Results (£'m)	**2024**	2023	
Revenue	**81.0**	82.0	-1%
Adjusted EBITDA *	**12.8**	16.0	-20%
Adjusted EBITDA %*	***15.7%***	*19.4%*	*-370bps*
Cash	**19.8**	15.3	
Adjusted diluted earnings per share *	**25.1p**	38.5p	-35%
Statutory Results			
Operating profit	**1.0**	7.3	-87%
Profit before tax	**1.0**	7.1	-86%
Basic earnings per share	**1.6p**	22.8p	-93%
Final dividend per share	**1.3p**	1.2p	+8%
Total dividend per share	**2.4p**	2.2p	+9%

Financial Highlights:

- Financial performance in line with revised guidance provided in the 13 June 2024 trading update**
- Rail Technology & Services annual recurring and repeat revenue increased by 10% to £25.5m
- Healthy cash generation and strong balance sheet to invest in further growth
- £3.0m of exceptional costs related to Group transformation
- Continuation of progressive dividend policy

Operational and Strategic Highlights:

- New UK rail technology contracts awarded across smart ticketing & delay repay, safety & risk management, and operations & planning solutions
- Pipeline of software opportunities increased by 200% across UK and North American markets
- Completed deployment of new Train Dispatch product with a US commuter rail provider, opening up a large new product segment opportunity in North America
- First intercity deployment of TRACS Enterprise now live with a large UK train operator
- Transformed the Group's operating model, creating a scalable platform for accelerated growth and focusing the Group's products and services portfolio on higher-margin, growth activities

Current Trading and Outlook:

- Activity levels increasing following the UK General Election, though some near-term variability in customer activity in the UK through H1
- Network Rail Control Period 7 funding pressures impacting UK Remote Condition Monitoring hardware activity
- Increases in UK national insurance and minimum wage will add cost from April 2025 and beyond; expected to impact FY25 EBITDA directly by c.£0.5m
- Several large multi-year software opportunities in the latter stages of their procurement processes, which are expected to be awarded during FY25
- Tracsis's products and services are well aligned with the new UK government's strategic plan for rail
- Actions taken to transform the Group's operating model and accelerate pipeline growth leave it well positioned to deliver long-term growth
- Evaluating M&A opportunities in line with disciplined criteria

Chris Barnes, Chief Executive Officer, commented:

"Despite our financial results for FY24 being impacted by the timing of the UK General Election and lower yard automation conversion in North America, we have made significant progress over the past 12 months in transforming our operating model and laying the foundations for our future growth.

We have delivered further growth in rail technology licence usage and annual recurring revenues, and have a large pipeline of new software opportunities in both the UK and North America, where long-term market drivers remain strong.

The UK Rail Industry remains in a period of transition as the new government prepares to provide further detail on its strategic vision for the railway. Tracsis' products and services are well placed to support this and we look forward to the legislation relating to Great British Railways that is expected in the coming months.

Some short-term headwinds remain across the UK Rail supply chain related to Control Period 7 funding restrictions from Network Rail, which is impacting our Remote Condition Monitoring hardware activity. The changes to national insurance and minimum wage legislation announced in the October Budget will bring additional cost into our business. We are working hard to mitigate these and are continuing to focus on converting our large opportunity pipeline and diversifying our client base both in the UK and internationally.

We are well positioned to deliver sustainable growth in FY25 and beyond. We have invested in upskilling our commercial, technical and delivery capabilities, and post year-end have delivered the successful go-live of a new Train Dispatch product in North America as well as the latest deployment of our TRACS Enterprise solution in the UK. We remain focused on delivering long-term value through the continued pursuit of both organic and acquisitive growth, supported by a strong balance sheet and healthy cash generation, and look to the future with confidence."

** 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 9.*
*** 13 June 2024 trading update noted FY24 revenue range of between £80.0m and £82.0m and FY24 adjusted EBITDA* margin slightly higher than the 15.5% delivered in H1 24*

Presentation and Overview videos

Tracsis is hosting an online presentation open to all investors on Friday 22 November 2024 at 1.00pm UK time. Anyone wishing to connect should register here: https://bit.ly/TRCS_FY24_results_webinar

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: https://bit.ly/TRCS_FY24_overview

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Management Overview

Introduction

The Group has made good progress this year in executing its strategy to create a scalable platform for accelerated long-term growth.

As previously announced, our financial performance in the final quarter of FY24 was impacted by the timing of UK pre-General Election restrictions, as well as by lower than anticipated conversion of our Yard Automation opportunity pipeline in North America. As a result, full-year revenue and EBITDA were lower than we achieved in the prior year. This was a disappointing overall result, however the progress we have made against our key strategic focus areas positions the Group well to deliver growth in the next financial year and beyond.

Actions to transform the Group's operating model have been delivered to plan. Cost savings from these actions have been substantially re-invested in upskilling our commercial, technical and delivery capabilities, creating the foundations for future growth.

Year in review

Our activities this year have been focused in four key areas, as summarised below.

1. New contract wins, product deployments and continued growth in recurring and repeat revenue

Recurring and repeat revenue in the Rail Technology & Services Division increased by 10% to £25.5m, driven by strong growth in the UK from new contract wins and the deployment of contracts won in previous years.

Continued growth in smart ticketing: with the two new Pay As You Go ("PAYG") contracts with UK train operators announced with the FY23 results now successfully live, including the first EMV (contactless bankcard) deployment outside of Transport for London with Transport for Wales. The multi-year delay repay contract that was announced with the H1 2024 results has also now been fully deployed, and the pilot deployment of our unique PAYG mobile app ('Hopsta') is nearing completion.

Next funded phase of RailHub development has started: to expand the functionality of the safety and risk management platform in the UK, with go-live expected in early 2026.

First intercity deployment of TRACS Enterprise went live in November 2024 with a UK Train Operator. The next full deployment with another UK passenger operator is expected during H2 of the current financial year.

New wins secured post year end: including an expansion of our Remote Condition Monitoring hardware and software solution with a large US transit operator and, in the UK, new work across our Operations & Planning, Safety & Risk Management, and Customer Experience solutions that will start to deliver revenue in FY25.

2. Significant pipeline growth in UK and North American Rail Markets

Rail technology pipeline increased by 200% since 31 July 2023 following investment to enhance our commercial teams in the UK and North America. FY24 EBITDA includes the cost of this investment.

Deployment of new Train Dispatch system in North America completed with a US commuter rail customer in the first quarter of FY25. This opens up a large new product segment opportunity in North America where the industry is actively looking for new participants.

Digital transformation remains integral to the rail industry: as an enabler of a data-driven, customer-focused and safety-critical service and net zero future. We continue to see significant and enduring tailwinds in both the UK and North American markets and do not expect recent government changes to impact the long-term opportunity in either territory.

3. Transformation of the Group's operating model delivered to plan

Optimised our operating model: with a particular focus on enhancing our technology development and delivery capabilities to improve timeliness, quality, and repeatability. The Rail Technology UK business now operates under a single senior leadership team, and we are establishing a consistent groupwide approach to how we develop and deliver application software based on industry best practice. As part of this, we recruited a Chief Technology Officer to oversee all aspects of product development and architecture across the rail technology portfolio and have invested in our project delivery team.

Refocused the portfolio: on fast-growing, higher margin activities. As previously reported, the Group will no longer pursue new contracts for certain non-software related activities which are not aligned with these objectives. These activities are principally within the Transport Consultancy business in the UK and within part of the Rail Technology North America portfolio. This will enable the Group to deliver accelerated growth and long-term margin improvement.

Streamlining our footprint: with the closure of five operating locations to align with the Group's new organisational structure. Work to reduce our legal entity footprint will continue in FY25.

Upgraded operating systems and processes: including a single IT operating environment across our UK rail technology businesses to enhance the efficiency of our operations, better enable collaboration across the Group, and improve operational resilience. We have also implemented a new finance system that will deliver improved management information.

4. Focus on M&A as a core component of our growth strategy

Pursuit of acquisitions to supplement organic growth, with a focus on extending our software and technology footprint and enhancing recurring revenue growth. We have a pipeline of opportunities in the UK, North America and targeted overseas markets that are being evaluated in line with our disciplined criteria.

Progress against our strategic priorities

Tracsis' purpose is to 'make transport work'. 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.

<table>
<tr><td colspan="2">Maximise Existing Product Footprint
Expand our product footprint and increase annual recurring software revenue through the continual innovation and deployment of products and services, complemented by high quality delivery and an excellent close working relationship with our customers</td></tr>
<tr><td>Focus for FY 24</td><td>Progress since HY 24</td></tr>
<tr><td>• Delivery of orderbook of rail technology contracts</td><td>• Multi-year delay repay deployment now completed with UK TOC
• First intercity deployment of TRACS Enterprise completed with UK TOC
• One further full deployment of TRACS Enterprise due to go live during the current financial year</td></tr>
<tr><td>• Grow pipeline of rail technology opportunities in UK and North America</td><td>• Further growth in the pipeline of software opportunities. This has now increased by 200% since 31 July 2023 across UK and North American rail technology markets</td></tr>
<tr><td>• Accelerate growth in North American market</td><td>• Lower revenue than prior year due to lower revenue from contract milestones
• Large software licence deployment for a new Train Dispatch product in the North American transit market completed. This is driving pipeline growth from both passenger and freight operators
• Delivered the next phase of the ongoing expansion of our Remote Condition Monitoring hardware and software solution with a large US transit operator during Q1 of FY25</td></tr>
<tr><td>• Continue to improve the quality, timeliness, and repeatability of future product delivery</td><td>• Continued to enhance capabilities including recruitment of rail technology UK head of platforms, head of QA & test, head of software development, and head of project delivery</td></tr>
</table>

Expand Into New 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 HY 24**
• Continue to execute organic growth strategy	• 10% increase in Rail Technology & Services recurring and repeat revenue (FY24 vs prior year) • 10% organic revenue growth in UK rail technology market (FY24 vs prior year) • Restructured Transport Consultancy business to focus on higher margin activities
• Utilise data analytics, GIS and Earth Observation capabilities to deliver additional insight to our customers across the transportation sector	• Area Monitoring System (AMS) developed by the Data Analytics/GIS business in collaboration with two European geospatial companies won the award for 'Data Innovation of the Year' at the 2024 Public Sector Digital Transformation Awards held in Dublin
• Disciplined capital allocation for investment in software and technology products	• First pilot deployment of Hopsta app nearing completion • Invested in Digital Track Warrant, which is a unique addition to our Train Dispatch product offering in North America • Pipeline of 'next generation' R&D opportunities being evaluated
Operate as '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 HY 24**
• Transformation of the Group operating model	• Transformation activities delivered to plan • Further headcount reductions actioned where roles were duplicated or no longer required • Closed three further operating locations as part of streamlining our operating footprint (five now closed in total) • Streamlining of legal entity footprint is ongoing
• Alignment of group-wide systems and processes built around 'One Tracsis'	• Finance and HR systems upgrade completed, to deliver improved management information
• Continue to execute people strategy	• Recruitment of Chief People Officer to support implementing a global delivery model
• Continue to execute sustainability strategy aligned with our 2030 carbon neutral ambition	• First external audit of groupwide ISO14001 (environmental management) certification completed with zero non-conformances • Carbon reduction plan completed. This will be published in early 2025

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 HY 24**
• Active pursuit of M&A to extend technology and data analytics footprint	• Growth in M&A pipeline, focused on UK, North American and targeted overseas markets • Senior leadership role dedicated to M&A created as part of Group transformation • Several targets are being evaluated against our disciplined criteria

Financial Summary

Tracsis delivered Group revenue of £81.0m which was £1.0m (1%) lower than the prior year (2023: £82.0m).

As previously announced, the Group's trading performance for the year to 31 July 2024 includes the effect of the timing of the UK General Election that took place on 4 July 2024. This was preceded by a period of pre-election activity restrictions that impacted the Group's trading in the final two months of the financial year, principally across the UK Rail Technology, Transport Consultancy and Traffic Data businesses. We estimate that the total adverse impact of the UK General Election on FY24 Group revenue was c£2m. In addition, the prior year included c£4m of revenue that, as anticipated, did not repeat. £2m of this was perpetual licence revenue in the Rail Technology & Services Division as we continue to transition to an increasingly recurring revenue-focused model for new contract wins. The other c£2m was in the Data, Analytics, Consultancy & Events Division and related to Data Analytics/GIS contracts that did not repeat.

Divisional performance is explained in more detail in the 'Divisional Trading Progress and Prospects' section below.

Adjusted EBITDA* of £12.8m was £3.2m (20%) lower than prior year (2023: £16.0m). In addition to the lower overall revenue, this reflects the anticipated non-repeat of high margin perpetual licence revenue in the prior year, investment to enhance the Group's capabilities and to accelerate the growth of the Group's pipeline of large multi-year opportunities, and a significant margin decrease in the Transport Consultancy business that has now been restructured.

The Group has executed a programme of actions during the year to transform its operating model, better positioning it to deliver long-term scalable growth, increased annual recurring software revenue, and improved profitability. In the year to 31 July 2024, we have incurred £3.0m of 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, enhancements to our cyber security provision and remediation of identified historic non-conformance, third party costs to support the upgrade of the Group's operating systems and processes, and costs associated with streamlining the Group's operating site footprint and legal entity structure. These costs have been reported as exceptional items so the underlying year on year trading performance of the Group can be more clearly understood. These actions have been substantially completed during the FY24 financial year. Actions to complete the streamlining of the Group's legal entity structure will continue through FY25. £2.7m of these transformation costs were cash items, of which £2.3m were outflows in the year to 31 July 2024. We expect the remaining cash outflow of c£0.4m during FY25.

Cost savings resulting from these actions have been substantially re-invested in upskilling our commercial, technical and delivery capabilities. This will better position the Group to convert and deliver a growing pipeline of multi-year software opportunities.

Statutory profit before tax of £1.0m is £6.1m lower than prior year (2023: £7.1m). This is principally driven by the £3.2m decrease in adjusted EBITDA*, and the £3.0m of exceptional costs relating to the transformation of the Group's operating model, both described above. The balance of the movement in profit before tax reflects the following items:

- £nil of other exceptional costs (2023: £0.1m) representing the unwinding of previously discounted contingent consideration balances in accordance with IFRS accounting standards (2023: £0.7m). The prior year also included a net £0.6m decrease in the assessed value of contingent consideration based on the future expectations from previous acquisitions, that was not repeated this year;
- £2.4m depreciation charge which is higher than the prior year following further investment to upgrade our IT infrastructure (2023: £2.1m);
- £5.5m amortisation of intangible assets at a similar level to the prior year (2023: £5.6m);
- £0.9m share based payment charges (2023: £1.2m);
- <£0.1m other operating income (2024: £0.4m) being a lower level of R&D corporation tax credits in the UK, reflecting the fact that the Group substantially completed development work on its UK product portfolio during FY23; and
- <£0.1m net finance income (2023: £0.1m expense)

Adjusted earnings per share decreased by 35% to 25.5 pence (2023: 39.4 pence). Statutory earnings per share decreased to 1.6 pence (2023: 22.8 pence) including the effect of the exceptional transformation costs recognised in the year.

<u>Cash Generation</u>

The Group continues to have significant levels of cash and has no debt. At 31 July 2024, the Group's cash balances were £19.8m (2023: £15.3m). Cash generation remains healthy.

Free cash flow* decreased to £5.4m (2023: £8.0m) after £2.3m of cash outflows relating to exceptional transformation costs (2023: £nil). Excluding these, free cash flow* was at a similar level to the prior year despite the lower level of adjusted EBITDA*. This reflects the following items:

- A net £0.5m increase in working capital (2023: £2.7m increase) reflecting trading patterns including the impact of the UK General Election in the final two months of the year;
- Net capital expenditure of £1.2m (2023: £1.5m) which principally relates to investment in upgrading our IT infrastructure, and the purchase of equipment to support high activity levels in Traffic Data & Events;

- Net lease liability payments of £1.4m were slightly lower than the prior year (2023: £1.5m) as we start to rationalise our operating footprint;
- Capitalised development costs of £0.5m (2023: £0.3m) including the Hopsta smart ticketing mobile app platform for our PAYG smart ticketing technology and the Digital Track Warrant in North America;
- Tax paid of £1.7m was £0.4m lower than the prior year (2023: £2.1m); and
- £0.2m net 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, at a similar level to the prior year (2023: £0.1m inflow).

Free Cash Flow*

	Year ended 31 July 2024 £'m	Year ended 31 July 2023 £'m
Adjusted EBITDA *	**12.8**	16.0
Changes in working capital	**(0.5)**	(2.7)
Purchase of plant and equipment (net of proceeds from disposal)	**(1.2)**	(1.5)
Lease liability payments (net of lease receivable receipts)	**(1.4)**	(1.5)
Capitalised development costs	**(0.5)**	(0.3)
Tax paid	**(1.7)**	(2.1)
Other(1)	**0.2**	0.1
Free Cash Flow* before exceptional items	**7.7**	8.0
Cash outflows on exceptional items	**(2.3)**	-
Free Cash Flow*	**5.4**	8.0

(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 year relating to contingent consideration on previous acquisitions (2023: £9.3m outflow). The final £0.3m tranche of deferred consideration for the 2021 acquisition of Flash Forward Consulting was paid in February 2024 (2023: £0.3m).

Dividends paid to shareholders were £0.7m (2023: £0.6m) and there was a £0.1m favourable impact from foreign exchange (2023: £0.3m favourable).

As a result, total cash balances increased by £4.5m to £19.8m.

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Divisional Trading Progress and Prospects

Rail Technology & Services

Summary segment results:

Revenue	£37.6m	(2023: £37.9m)
Adjusted EBITDA*	£9.8m	(2023: £10.4m)
Profit before Tax	£2.7m	(2023: £5.2m)

The Rail Technology & Services Division delivered FY24 revenue 1% lower than prior year. This included the non-repeat of c£2m perpetual licence revenue in the prior year, as we continue to transition to an increasingly recurring revenue-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 and lower than anticipated conversion of our Yard Automation opportunity pipeline.

There was strong organic growth in the UK, where revenue increased by 10% despite the effect of pre-election activity restrictions in the final two months of the year. Growth in this market included the benefit from new contract wins in the year and in the prior year. This, in turn, resulted in further strong growth in annual recurring and routinely repeating rail technology revenue for the Division as a whole, which increased by 10% to £25.5m.

Adjusted EBITDA* decreased by £0.6m to £9.8m (2023: £10.4m). In addition to the non-repeat of high margin perpetual licence revenue, this reflects targeted investment in enhancing the business's capabilities. This includes enhancing our commercial teams in both the UK and North America, and investing to expand and upskill our SaaS delivery capabilities. This investment has delivered significant growth in the pipeline of major software opportunities, and ensures that we have the operational capability to deliver these once secured. We estimate the opportunity pipeline across the UK and North American rail markets has increased by 200% since 31 July 2023.

Profit before tax decreased by £2.5m to £2.7m (2023: £5.2m) and includes £1.8m of exceptional transformation costs.

Rail Technology UK

Total revenues from the Group's Rail Technology UK business increased by 10% to £31.9m (2023: £29.0m). The non-repeat of £0.8m point in time revenue from software licence deployments in the prior year was more than offset by underlying growth driven primarily by our Rail Operations & Planning and Customer Experience product suites.

Growth in Rail Operations & Planning was driven by new contract wins across our suite of products, and orderbook delivery. Work has continued on delivering the orderbook of full TRACS Enterprise solutions. The first intercity deployment with a UK passenger operator was completed in November 2024. A further deployment with a UK passenger operator is scheduled to go live during 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 with several UK train operators actively looking for new software solutions in this area.

Growth in Customer Experience revenue included the benefit from increased usage of our Pay As You Go ("PAYG") smart ticketing and delay repay solutions. 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 delivered. The deployment with Transport for Wales ("TfW") is the first EMV (contactless bank card) 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 deliver 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 was a smartcard system with Merseyrail. Work has started on expanding this solution to include EMV deployment. We have also fully deployed the new multi-year delay repay contract that was announced with the H1 2024 results.

We have continued to invest in the deployment of a mobile app platform ('Hopsta') that puts this smart ticketing technology directly into the hands of the consumer and uses geofencing technology to avoid the requirement for expensive gateline infrastructure in stations. The first pilot deployment of this unique solution is nearing completion.

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 started in the second half of the financial year.

Remote Condition Monitoring ("RCM") revenue was lower than the record achieved in the prior year. Performance in this product area is linked to the investment funding cycle within Network Rail 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. This has continued through the initial months of Control Period 7, where a tightening of financial management at Network Rail is impacting most of the UK rail supply chain[(1)]. We are monitoring this closely and expect this will continue into 2025. Our order visibility in this product category is lower, and we now anticipate a lower overall level of RCM activity during FY25 based on current run rates.

Post year end, we secured and delivered a contract for the ongoing expansion of our RCM hardware and software solution with a large US transit operator. This is the third phase of a program of work that has been ongoing over the last three years with the objective to significantly improve asset performance and asset availability across their network.

Rail Technology North America

Revenue of £5.7m in Rail Technology North America was £3.2m lower than prior year (2023: £8.9m). This is attributable to two main factors. In the prior year we delivered a c£1.2m perpetual software licence deployment that was not repeated as anticipated. In addition, in the prior year we delivered £1.6m increased revenue from contract milestones based on delivery timelines in the orderbook.

Operational activity during the year was focused on delivering the full roll-out of the new Train Dispatch (PTC BOS[2]) with a US commuter rail customer. The full deployment of this solution was completed during the first quarter of FY25. The successful delivery of this large project that was in the orderbook when Tracsis acquired the business in 2022 will open a large new product segment opportunity for Tracsis in North America where the industry is actively looking for new participants. We continue to see strong pipeline growth for our Train Dispatch software from both passenger and freight operators.

We have an installed base of customers for our Yard Automation product offering, where we continue to deliver upgrade and maintenance work. This product solution has a significant hardware component, sourced from third party manufacturers, and is therefore lower margin than the Train Dispatch software solutions. During FY24 the conversion of new Yard Automation opportunities was lower than we expected. Our focus in this market is on continuing to support our installed customer base, and post year end we have secured new orders with these customers.

Our strategic focus in North America is on growing and converting the pipeline of large software opportunities. Having invested in enhancing our sales team in this market, we have seen significant growth in the opportunity pipeline this year. There are some large opportunities currently in the latter stages of their procurement process that are expected to deliver revenue during H2 of the current financial year. Procurement and delivery timelines in this market are often determined by customers' operational requirements. There will likely be more volatility in the phasing of revenue growth in this market as we procure these opportunities and transition to a recurring revenue model.

(1) Source: Network Rail Board minutes (May 2024, published 30 August 2024) and Rail Industry Association Annual Conference (November 2024).
(2) Positive Train Control Back Office Solution. This integrates Tracsis' Train Dispatching product with the Positive Train Control (PTC) family of automatic train protection systems in the US.

Data, Analytics, Consultancy & Events

Summary segment results:

Revenue	£43.4m	(2023: £44.1m)
Adjusted EBITDA*	£2.9m	(2023: £5.6m)
(Loss) / Profit before Tax	(£0.8m)	(2023: £3.0m)

The Data, Analytics, Consultancy & Events Division delivered revenue 2% lower than the prior year, which included the impact of the pre-General Election activity restrictions on the Transport Consultancy and Traffic Data businesses in the last two months of the year, and the anticipated non-repeat of c£2.0m Professional Services revenue.

Adjusted EBITDA* decreased to £2.9m (2023: £5.6m). In addition to the impact of lower overall revenue, this also reflects a significant margin decrease from the Transport Consultancy business in the UK. We have taken actions to restructure our Transport Consultancy business, including no longer pursuing certain activities that were not delivering an appropriate return. We expect this will see a short-term reduction in revenue for this

Division, but having also adjusted our cost base we expect to deliver an improved margin performance for FY25 financial year.

The Division reported a loss before tax of (£0.8m) (2023: £3.0m profit) including £1.2m of exceptional transformation costs.

Traffic Data & Events

Revenue from the combined Traffic Data & Events business increased by 5% to £30.3m (2023: £28.8m). Activity levels in Events remained high and it delivered record revenue, with new wins more than offsetting the effect of other events and sporting fixtures that did not repeat in FY24. There was a short-term adverse impact on Traffic Data activity levels in the last two months of the year due to the timing of the UK General Election. Activity levels are returning to normal following the election, and we expect this to continue through the FY25 financial year. One of the Group's largest Traffic Data customers experienced a cyber-attack during Q1 of FY25 that may have a short-term impact on activity levels with this customer during H1 of FY25.

The business has secured large contract renewals with both Events and Traffic Data customers post year end, for FY25 revenue delivery.

Professional Services

Total revenue across our Data Analytics/GIS and Transport Consultancy businesses decreased by 14% to £13.1m (2023: £15.4m). In addition to the c£2.0m anticipated non-repeat of certain revenue items in Data Analytics/GIS, this included lower activity levels in Transport Consultancy. This business was impacted by the timing of the UK General Election and has also experienced an underlying decrease in activity levels as customer budgets and funding availability have contracted. This resulted in a significant decrease in profitability in FY24. As described above, we have taken actions to restructure this business as a result.

The Area Monitoring System (AMS) developed by the Data Analytics/GIS business in collaboration with two European geospatial companies won the award for 'Data Innovation Project of the Year' at the 2024 Public Sector Digital Transformation Awards held in Dublin.

Our strategic focus in this part of the Group is on improving profitability and on expanding our Geo Intelligence capabilities into the UK and North American rail markets.

Dividend

The Group remains committed to the progressive dividend policy that was adopted in 2012. The Board has recommended a final dividend of 1.3 pence per share. The final dividend, subject to shareholder approval at the forthcoming Annual General Meeting, will be paid on 7 February 2025 to shareholders on the register at the close of business on 24 January 2025. This will bring the total dividend for the year to 2.4 pence per share.

Board

Jill Easterbrook succeeded Chris Cole as Non-Executive Chair of the Board on 1 September 2023. Chris stepped down from the Board on the same date. This was part of the Board succession planning following the completion of Chris's third three-year term. Tracy Sheedy was appointed to the Board as a Non-Executive

Director on 1 September 2023, and succeeded Jill Easterbrook as Chair of the Remuneration Committee from that date. Ross Paterson was appointed to the Board as a Non-Executive Director on 2 April 2024. Liz Richards stepped down from the Board on 30 June 2024. Ross succeeded Liz as Chair of the Audit & Risk Committee on that date.

Outlook

Activity levels increasing but with short term headwinds in the UK

Activity levels are increasing following the UK General Election. This is expected to continue through FY25 although some near-term industry wide variability in customer activity in the UK has persisted through Q1 and we anticipate this will continue through H1. We continue to monitor developments around: (i) a tightening of financial management within Network Rail that is impacting Control Period 7 funding across the UK rail supply chain; (ii) the implementation of the UK government's strategic plan for rail; (iii) and the short-term impact from a large Traffic Data customer where a significant recent cyber-attack has impacted its procurement activity. We are also working to mitigate the recently announced Budget changes in UK national insurance and minimum wage legislation that will take effect from April 2025.

We have secured FY25 contract renewals in both Divisions, have some key product deployment milestones for delivery in the coming months, and have several multi-year rail technology software opportunities that will be announced in FY25 and are in the latter stages of their procurement processes.

Well positioned to deliver long-term scalable growth

Tracsis' strategy to deliver organic and acquisitive growth, supported by a strong balance sheet and long-term structural tailwinds in its core markets, remains unchanged.

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. We deliver positive benefit cases to our clients via digital transformation that enables them to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety. We therefore believe that we are well positioned to capitalise on these changes and have a large pipeline of opportunities to help drive market share and expand our footprint in these markets.

The new Government has outlined its strategic plans for the future of UK Rail and we expect legislative details to be confirmed in the coming months. This will include the creation of Great British Railways, the re-nationalisation of train operating companies, and a focus on improving service efficiency, reliability, safety, and customer experience including PAYG smart ticketing, best value fare guarantees, and automated delay repay. Tracsis' products and services are well aligned with these objectives.

In North America, the recent go-live of our new Train Dispatch system was a significant milestone for the Group. The successful delivery of this system opens up a large new product segment opportunity for Tracsis where the market is looking for new participants. We have a growing pipeline of opportunities, some of which are in the latter stages of their procurement cycle. Procurement and delivery timelines in this market are often determined by customers' operational requirements. There will likely be more volatility in the phasing of revenue growth in this market as we procure these opportunities and transition to a recurring revenue model. The outcome of the US election is not expected to impact our long-term growth opportunity in North America.

We have significantly transformed the Group's operating model in order to accelerate its future growth trajectory. This has been particularly focused around enhancing our technology development and delivery capabilities to improve the timeliness, quality and repeatability of delivery. This will better enable the Group to achieve margin accretion from future multi-year software contracts, and to invest in developing the next generation of its products. We have also re-focused the Group's product and services portfolio on fast-growing, higher margin activities and will no longer pursue certain non-software related activities which are not aligned with these objectives. We are confident that these actions will enable to Group to better deliver improved profitability and long-term scalable growth.

We are actively pursuing our pipeline of M&A opportunities, with a focus on extending our software and technology footprint and enhancing recurring revenue growth. We continue to evaluate this growing pipeline of opportunities in line with our disciplined approach.

The Group remains well positioned to deliver growth in the coming financial year and beyond.

Jill Easterbrook	Chris Barnes
Non-Executive Chair	Chief Executive Officer
19 November 2024	

Consolidated statement of comprehensive income for the year ended 31 July 2024

	Notes	2024 £000	2023 £000
Revenue	3	**81,022**	82,023
Cost of sales		**(35,009)**	(32,072)
Gross profit		**46,013**	49,951
Administrative costs		**(45,046)**	(42,696)
Adjusted EBITDA*	3, 9	**12,759**	15,952
Depreciation		**(2,371)**	(2,110)
Amortisation of intangible assets		**(5,526)**	(5,599)
Other operating income		**7**	350
Share-based payment charges		**(899)**	(1,248)
Operating profit before exceptional items		**3,970**	7,345
Exceptional items	4	**(3,003)**	(90)
Operating profit		**967**	7,255
Net finance income / (expense)		**28**	(119)
Profit before tax	3	**995**	7,136
Taxation	5	**(507)**	(329)
Profit after tax		**488**	6,807
Other comprehensive expense			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(295)**	(205)
Total comprehensive income for the year		**193**	6,602
Earnings per ordinary share			
Basic	6	**1.62p**	22.81p
Diluted	6	**1.59p**	22.30p

* Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges – see note 9.

Consolidated balance sheet as at 31 July 2024

	Notes	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment		**4,992**	4,789
Intangible assets	10	**52,610**	57,694
Investments – equity		**-**	-
Deferred tax assets		**1,376**	650
		58,978	63,133
Current assets			
Inventories		**1,512**	1,465
Trade and other receivables		**21,536**	20,371
Current tax receivables		**1,011**	628
Cash and cash equivalents		**19,773**	15,307
		43,832	37,771
Total assets		**102,810**	100,904
Non-current liabilities			
Lease liabilities		**737**	953
Contingent consideration payable	7	**-**	139
Deferred tax liabilities		**7,132**	7,161
		7,869	8,253
Current liabilities			
Lease liabilities		**1,123**	1,137
Trade and other payables		**25,498**	23,435
Contingent consideration payable	7	**151**	-
Deferred consideration payable	7	**-**	308
		26,772	24,880
Total liabilities		**34,641**	33,133
Net assets		**68,169**	67,771
Equity attributable to equity holders of the Company			
Called up share capital		**121**	120
Share premium		**6,535**	6,535
Merger reserve		**6,161**	6,161
Retained earnings		**55,567**	54,875
Translation reserve		**(165)**	130
Fair value reserve		**(50)**	(50)
Total equity		**68,169**	67,771

Consolidated statement of changes in equity for the year ended 31 July 2024

	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 year	-	-	-	6,807	-	-	6,807
Other comprehensive expense	-	-	-	-	(205)	-	(205)
Total comprehensive income	-	-	-	6,807	(205)	-	6,602
Transactions with owners:							
Dividends	-	-	-	(628)	-	-	(628)
Share-based payment charges	-	-	-	1,248	-	-	1,248
Exercise of share options	1	99	-	-	-	-	100
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**
Profit for the year	**-**	**-**	**-**	**488**	**-**	**-**	**488**
Other comprehensive expense	**-**	**-**	**-**	**-**	**(295)**	**-**	**(295)**
Total comprehensive income	**-**	**-**	**-**	**488**	**(295)**	**-**	**193**
Transactions with owners:							
Dividends (note 8)	**-**	**-**	**-**	**(695)**	**-**	**-**	**(695)**
Share-based payment charges	**-**	**-**	**-**	**899**	**-**	**-**	**899**
Exercise of share options	**1**	**-**	**-**	**-**	**-**	**-**	**1**
At 31 July 2024	**121**	**6,535**	**6,161**	**55,567**	**(165)**	**(50)**	**68,169**

Consolidated cash flow statement for the year ended 31 July 2024

	Notes	**2024** **£000**	2023 £000
Operating activities			
Profit for the year		**488**	6,807
Net finance (income) / expense		**(28)**	119
Depreciation		**2,371**	2,110
(Profit) / loss on disposal of property, plant and equipment		**(15)**	9
Non-cash exceptional items	4	**274**	90
Payment of contingent consideration	7	**-**	(1,661)
Other operating income		**(7)**	(350)
Amortisation of intangible assets		**5,526**	5,599
Income tax charge	5	**507**	329
Share-based payment charges		**899**	1,248
Operating cash inflow before changes in working capital		**10,015**	14,300
Movement in inventories		**(48)**	(416)
Movement in trade and other receivables		**(2,394)**	(2,085)
Movement in trade and other payables		**2,408**	(213)
Cash generated from operations		**9,981**	11,586
Interest received		**171**	36
Income tax paid		**(1,652)**	(2,065)
Net cash flow from operating activities		**8,500**	9,557
Investing activities			
Purchase of property, plant and equipment		**(1,487)**	(1,524)
Proceeds from disposal of property, plant and equipment		**241**	10
Capitalised development costs		**(462)**	(300)
Payment of contingent consideration	7	**-**	(7,591)
Cash held in escrow for payment of contingent consideration	7	**-**	2,233
Payment of deferred consideration	7	**(315)**	(315)
Net cash flow used in investing activities		**(2,023)**	(7,487)
Financing activities			
Dividends paid	8	**(695)**	(628)
Proceeds from exercise of share options		**1**	100
Lease liability payments		**(1,441)**	(1,491)
Lease receivable receipts		**32**	32
Net cash flow used in financing activities		**(2,103)**	(1,987)
Net increase in cash and cash equivalents		**4,374**	83
Exchange adjustments		**92**	254
Cash and cash equivalents at the beginning of the year		**15,307**	14,970
Cash and cash equivalents at the end of the year		**19,773**	15,307

Notes to the Consolidated Financial Statements

1. Financial information

The financial information set out herein does not constitute the Group's statutory accounts for the year ended 31 July 2024 or the year ended 31 July 2023 within the meaning of sections 434 of the Companies Act 2006, but is derived from those accounts. The audited accounts for the year ended 31 July 2024 will be posted to all shareholders in due course and will be available on the Group's website. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the year ended 31 July 2023 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (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.

The Directors consider that the key judgements and estimates made in the preparation of the Group consolidated financial statements remain as those set out in the financial statements for the year ended 31 July 2023, other than:

Estimates

Recoverable amount of cash generating units

Value in use has been estimated for each group of cash generating units ("CGUs") as part of the annual impairment test for the Group's goodwill allocated to its groups of CGUs. The key assumptions used in the calculations, and the sensitivity of value in use to these key assumptions are set out in note 10. The group of CGUs most sensitive to these assumptions is Rail Technology & Services - North America.

Judgements

Level at which goodwill is monitored

Judgement has been used to determine the level at which goodwill should be monitored. Goodwill has been allocated to groups of CGUs which align with how performance is reported and appraised for management purposes.

2. Basis of preparation

a) Statement of compliance

The Group consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards ("IFRSs").

b) Basis of measurement

The Accounts have been prepared under the historical cost convention, except for the valuation of investments, contingent consideration, financial liabilities and initial valuation of assets and liabilities acquired in business combinations which are included on a fair value basis.

c) Presentation currency

These consolidated financial statements are presented in sterling. All financial information presented in sterling has been rounded to the nearest thousand.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

e) Accounting developments

A number of new IFRSs have been endorsed by the UK Endorsement Board with effective dates such that they fall to be applied by the Group.

The following standards and amendments to UK-adopted International Accounts Standards are the only changes of relevance to these financial statements that have been applied in the year ended 31 July 2024:

— Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting policies': effective for periods beginning on or after 1 January 2023.

— Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules': effective for periods beginning on or after 1 January 2023.

These amendments had no material impact on either the Group's or Company's financial statements.

The Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' did not result in any changes to the underlying accounting policies but has impacted the accounting policy information disclosed in the financial statements.

There are no other standards, interpretations or amendments that required mandatory application in the current year.

Future developments

There are a number of new standards and amendments issued by the International Accounting Standards Board (IASB) that will be effective for financial statements after this reporting period, once endorsed by the UK Endorsement Board. The most relevant changes for the Group are:

— IFRS 18 'Presentation and Disclosure in Financial Statements': effective for periods beginning on or after 1 January 2027.

— Amendments to the Classification and Measurement of Financial Instruments: effective for periods beginning on or after 1 January 2026.

Based on preliminary assessments, the adoption of these standards and amendments is not expected to have a significant impact on either the Group's results or financial position. The adoption of IFRS 18, introduces new required subtotals in profit or loss, including profit or loss before financing and income taxes.

f) Going concern

The Group is debt free and has substantial cash resources. At 31 July 2024 the Group had net cash and cash equivalents totalling £19.8m. The Board has prepared cash flow forecasts for the period through to December 2025 based upon assumptions for trading and the requirements for cash resources; these forecasts consider reasonably possible changes in trading financial performance.

Further to this, management prepared a severe but plausible scenario, reducing revenues from budget and including a more pessimistic view of working capital. There was still ample headroom under this scenario. A reverse stress test was also considered. The revenue and cash flow assumptions required to eliminate any headroom under the reverse stress test are considered by the Board to be highly unlikely.

Based upon this analysis, the Board has concluded that the Group has adequate working capital resources and that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements.

3. Revenue and Segmental analysis

a) Revenue

Revenue is summarised below:

	2024 £000	2023 £000
Rail Technology & Services	**37,608**	37,862
Data, Analytics, Consultancy & Events	**43,414**	44,161
Total revenue	**81,022**	82,023

Revenue can also be analysed as follows:

	2024 £000	2023 £000
Rail Technology & Services - United Kingdom	**31,902**	28,975
Rail Technology & Services - North America	**5,706**	8,887
Rail Technology & Services	**37,608**	37,862
Traffic Data & Events	**30,269**	28,793
Professional Services	**13,145**	15,368
Data, Analytics, Consultancy & Events	**43,414**	44,161
Total revenue	**81,022**	82,023

Revenue to come from contracts entered into with performance obligations not fulfilled or only partially fulfilled amounted to £20.0m as at 31 July 2024, of which £14.2m is expected to be recognised within one year, and £5.8m after one year (£21.4m as at 31 July 2023, with £16.3m to be recognised within one year and £5.1m after one year).

Further information on revenue is provided below:

	2024 £000	2023 £000
Recognised over time	**22,122**	21,336
At a point in time	**15,486**	16,526
Rail Technology & Services	**37,608**	37,862
Recognised over time	**222**	852
At a point in time	**43,192**	43,309
Data, Analytics, Consultancy & Events	**43,414**	44,161
Recognised over time	**22,344**	22,188
At a point in time	**58,678**	59,835
Total revenue	**81,022**	82,023

Major customers

Transactions with the Group's largest customer represent 8% of the Group's total revenues (2023: 9%).

Geographical split of revenue

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

	2024 £000	2023 £000
United Kingdom	**64,823**	61,422
Ireland	**9,687**	10,802
Rest of Europe	**401**	378
North America	**4,373**	8,643
Rest of the World	**1,738**	778
Total revenue	**81,022**	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.

Following the IFRIC agenda decision issued in July 2024 regarding segmental reporting, the Group has elected to include cost of sales within the segmental analysis. The prior year comparison has been amended to include these amounts.

	2024			
	Rail Technology & Services	**Data, Analytics, Consultancy & Events**	**Unallocated**	**Total**
	£000	**£000**	**£000**	**£000**
Income statement				
Total revenue for reportable segments	**37,608**	**43,414**	**-**	**81,022**
Cost of sales	**(6,466)**	**(28,543)**	**-**	**(35,009)**
Gross profit	**31,142**	**14,871**	**-**	**46,013**
Underlying administrative costs	**(21,319)**	**(11,935)**	**-**	**(33,254)**
Adjusted EBITDA for reportable segments	**9,823**	**2,936**	**-**	**12,759**
Amortisation of intangible assets	**(4,301)**	**(1,225)**	**-**	**(5,526)**
Depreciation	**(1,005)**	**(1,366)**	**-**	**(2,371)**
Exceptional items - net	**(1,816)**	**(1,187)**	**-**	**(3,003)**
Other operating income	**-**	**-**	**7**	**7**
Share-based payment charges	**-**	**-**	**(899)**	**(899)**
Interest (payable) / receivable - net	**(31)**	**59**	**-**	**28**
Consolidated profit before tax	**2,670**	**(783)**	**(892)**	**995**

	2023			
	Rail Technology & Services £000	Data, Analytics, Consultancy & Events £000	Unallocated £000	Total £000
Income statement				
Total revenue for reportable segments	37,862	44,161	-	82,023
Cost of sales	(6,798)	(25,274)	-	(32,072)
Gross profit	31,064	18,887	-	49,951
Underlying administrative costs	(20,691)	(13,308)	-	(33,999)
Adjusted 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 before tax	5,156	2,968	(988)	7,136

	2024			
	Rail Technology & Services £000	**Data, Analytics, Consultancy & Events £000**	**Unallocated £000**	**Total £000**
Assets				
Total other assets for reportable segments	**13,318**	**15,733**	**-**	**29,051**
Intangible assets and investments	**43,876**	**8,734**	**-**	**52,610**
Deferred tax assets	**-**	**-**	**1,376**	**1,376**
Cash and cash equivalents	**14,446**	**5,327**	**-**	**19,773**
Consolidated total assets	**71,640**	**29,794**	**1,376**	**102,810**
Liabilities				
Total other liabilities for reportable segments	**(17,999)**	**(9,359)**	**-**	**(27,358)**
Deferred tax liabilities	**-**	**-**	**(7,132)**	**(7,132)**
Contingent consideration	**-**	**(151)**	**-**	**(151)**
Deferred consideration	**-**	**-**	**-**	**-**
Consolidated total liabilities	**(17,999)**	**(9,510)**	**(7,132)**	**(34,641)**

	2023			
	Rail Technology & Services £000	Data, Analytics, Consultancy & Events £000	Unallocated £000	Total £000
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)

4. Exceptional items

The Group incurred exceptional items in 2024 and 2023 which are analysed as follows:

	2024	2023
	£000	£000
Non-cash:		
Contingent consideration fair value adjustment	**-**	(559)
Unwind of discounting of contingent consideration	**14**	649
Transformation costs - footprint	**260**	-
Cash:		
Transformation costs - headcount	**1,201**	-
Transformation costs - IT	**650**	-
Transformation costs - footprint	**225**	-
Transformation costs - other	**653**	-
Total exceptional items	**3,003**	90

	2024	2023
	£000	£000
Split:		
Non-cash	**274**	90
Cash	**2,729**	-
Total	**3,003**	90

2024

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 application 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 £2,989,000 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 historical non-conformance; costs of reducing the Group's physical and legal entity footprint; and other costs which comprise third party costs to support the upgrade of the Group's operating systems and processes.

A further charge totalling £14,000 has been recognised which reflects the unwinding of the discounting of contingent consideration. The acquisition-specific discount rate applied was 10.0%. A breakdown of the remaining fair value of contingent consideration by acquisition is included in note 7. These costs are deemed to be exceptional items due to the size and volatility of the items which can vary significantly from year to year.

Of the cash exceptional costs of £2,729,000 recognised during the year, £446,000 of the associated cash flows will fall into the next year.

2023

In the previous financial year, an exceptional £559,000 credit was recognised in the income statement representing the net decrease in the fair value of contingent consideration payable at the end of that financial year. This principally related to certain contracts in Icon GEO that had been superseded by a new contract won by the Group in that year utilising the combined capabilities of our existing Data Analytics/GIS business with Icon GEO's earth observation technologies.

A further charge totalling £649,000 was recognised which reflected the unwinding of the discounting of contingent consideration. The discount rates applied varied by acquisition and were in the range of 3.25% to 14.5%. These costs were deemed to be exceptional items due to the size and volatility of the items which can vary significantly from year to year.

5. Taxation

Reconciliation of the effective tax rate:

	2024	**2024**	2023	2023
	£000	**%**	£000	%
Profit before tax for the period	**995**		7,136	
Expected tax charge based on the standard rate of corporation tax in the UK of 25.0% (2023: 21.0%)	**249**	**25.0**	1,499	21.0
Expenses not deductible for tax purposes	**134**	**13.5**	59	0.8
Rate changes	**-**	**-**	(168)	(2.4)
Adjustments in respect of previous years	**144**	**14.5**	(427)	(6.0)
Overseas tax not at UK tax rate	**(378)**	**(38.0)**	(235)	(3.3)
Share-based payments differences	**358**	**36.0**	(399)	(5.5)
Total tax charge	**507**	**51.0**	329	4.6

6. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 July 2024 was based on the profit attributable to ordinary shareholders of £488,000 (2023: £6,807,000) and a weighted average number of ordinary shares in issue of 30,169,000 (2023: 29,836,000), calculated as set out below.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 July 2024 was based on the profit attributable to ordinary shareholders of £488,000 (2023: £6,807,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 30,628,000 (2023: 30,529,000) calculated as set out below.

	2024	2023
	£000	£000
Profit after tax	**488**	6,807

Weighted average number of ordinary shares		
In thousands of shares	**2024**	2023
Issued ordinary shares at 1 August	**29,958**	29,662
Effect of shares issued for cash	**211**	174
Weighted average number of shares at 31 July	**30,169**	29,836
For the purposes of calculating basic earnings per share	**30,169**	29,836
Adjustment for the effects of all dilutive potential ordinary shares	**459**	693
For the purposes of calculating diluted earnings per share	**30,628**	30,529
Basic earnings per share	**1.62p**	22.81p
Diluted earnings per share	**1.59p**	22.30p

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.

	2024	2023
	£000	£000
Profit after tax	**488**	6,807
Amortisation of intangible assets	**5,526**	5,599
Share-based payment charges	**899**	1,248
Exceptional items - net	**3,003**	90
Other operating income	**(7)**	(350)
Tax impact of the above adjusting items	**(2,213)**	(1,638)
Adjusted profit for EPS purposes	**7,696**	11,756

Weighted average number of ordinary shares		
In thousands of shares	**2024**	2023
For the purposes of calculating basic earnings per share	**30,169**	29,836
Adjustment for the effects of all dilutive potential ordinary shares	**459**	693
For the purposes of calculating diluted earnings per share	**30,628**	30,529
Basic adjusted earnings per share	**25.51p**	39.40p
Diluted adjusted earnings per share	**25.13p**	38.51p

7. Contingent and deferred consideration

a) Contingent consideration

In 2022 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 (£1,500,000). Based on reduced activity under certain contracts and current expectations regarding the renewal of certain contracts, the fair value of the amount payable was assessed as €178,000 (£151,000 at 31 July 2024).

As detailed in note 4, a net exceptional credit of £14,000 was recognised, following the unwind of the discounting as at 31 July 2024. At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows:

	2024	2023
	£000	£000
The Icon Group Limited	**151**	139

Contingent consideration payable in respect of the Group's past acquisitions is considered to be a "Level 3 financial liability" as defined by IFRS 13. These liabilities are carried at fair value, which is based on the estimated amounts payable under the provisions of the share purchase agreements which specify the specific arrangements and calculations relating to each acquisition. This involves assumptions about future profit forecasts, which result from assumptions about revenues and costs, and the resulting liability is discounted back to the present value using an appropriate discount rate and an estimate of when it is expected to be payable. A range of outcomes is considered, and a probability/likelihood weighting is applied to each of them in order to produce a weighted assessment of the amount payable.

The Group has considered multiple scenarios in estimating the fair value of contingent consideration payable in the future. In all cases, contingent consideration payable could range from zero to the maximum amount included in the Icon share purchase agreement as detailed in this note. A 10% increase in the Icon revenue forecast would result in an increase in the fair value of contingent consideration of £nil.

The movement on contingent consideration can be summarised as follows:

	2024	2023
	£000	£000
At the start of the year	**139**	9,321
Cash payment	**-**	(9,252)
Fair value adjustment to statement of comprehensive income	**-**	(559)
Unwind of discounting	**14**	649
Exchange adjustment	**(2)**	(20)
At the end of the year	**151**	139

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

	2024	2023
	£000	£000
Payable in less than one year	**151**	-
Payable in more than one year	**-**	139
Total	**151**	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%. In the year ended 31 July 2024 the final payment of this deferred consideration was paid. The movement on deferred consideration can be summarised as follows:

	2024	2023
	£000	£000
At the start of the year	**308**	605
Cash payment	**(315)**	(315)
Unwind of discounting	**7**	18
At the end of the year	**-**	308

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

	2024	2023
	£000	£000
Payable in less than one year	**-**	308
Payable in more than one year	**-**	-
Total	**-**	308

8. Dividends

The Board intends to pursue a sustainable and progressive dividend policy, having regard to the development of the Group.

The cash cost of dividend payments made during the year is below:

	2024	2023
	£000	£000
Final dividend for 2021/22	**-**	328
Interim dividend for 2022/23	**-**	300
Final dividend for 2022/23	**362**	-
Interim dividend for 2023/24	**333**	-
Total dividends paid	**695**	628

The dividends paid or proposed in respect of each financial year are as follows:

	2024	2023
	£000	£000
Interim dividend for 2022/23 of 1.0p per share paid	**-**	300
Final dividend for 2022/23 of 1.2p per share paid	**-**	362
Interim dividend for 2023/24 of 1.1p per share paid	**333**	-
Final dividend for 2023/24 of 1.3p per share proposed	**395**	-

The total dividends paid or proposed in respect of each financial year ended 31 July were as follows:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total dividends paid per share	**2.4p**	2.2p	2.0p	£nil	£nil	1.8p	1.6p	1.4p	1.2p	1.0p

9. Reconciliation of alternative performance measures ("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 and share-based payments, 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 expense, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges. 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:

	2024	2023
	£000	£000
Profit before tax	**995**	7,136
Finance (income) / expense – net	**(28)**	119
Share-based payment charges	**899**	1,248
Exceptional items – net	**3,003**	90
Other operating income	**(7)**	(350)
Amortisation of intangible assets	**5,526**	5,599
Depreciation	**2,371**	2,110
Adjusted EBITDA	**12,759**	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:

	2024	2023
	£000	£000
Net cash flow from operating activities	**8,500**	9,557
Purchase of property, plant and equipment	**(1,487)**	(1,524)
Proceeds from disposal of property, plant and equipment	**241**	10
Add back: payment of contingent consideration presented within cash flow from operating activities	**-**	1,661
Proceeds from exercise of share options	**1**	100
Capitalised development costs	**(462)**	(300)
Lease liability payments	**(1,441)**	(1,491)
Lease receivable receipts	**32**	32
Free cash flow	**5,384**	8,045

10. Intangible assets

The period end carrying values of internally-generated intangible assets and intangible assets arising from the Group's acquisitions are analysed by group of cash-generating units in the following table:

Goodwill		Customer-related intangibles		Technology-related intangibles		Order book-related intangibles		Marketing-related intangibles		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
£000	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000
Rail Technology & Services - United Kingdom [1]											
8,914	8,914	**16,212**	17,705	**8,166**	9,884	**-**	-	**-**	-	**33,292**	36,503
Rail Technology & Services - North America [2]											
4,683	4,684	**607**	836	**4,497**	4,969	**205**	284	**592**	698	**10,584**	11,471
Traffic Data & Events [3]											
2,246	2,246	**1,439**	1,910	**277**	-	**-**	-	**-**	-	**3,962**	4,156
Data Analytics / GIS [4]											
2,316	2,338	**1,929**	2,581	**527**	645	**-**	-	**-**	-	**4,772**	5,564
18,159	18,182	**20,187**	23,032	**13,467**	15,498	**205**	284	**592**	698	**52,610**	57,694

(1) Comprises CGUs: Rail Operations and Planning (Safety Information Systems Limited, Datasys Integration Limited and Bellvedi Limited), MPEC Technology Limited, Ontrac Technology Limited and Customer Experience (iBlocks Limited and Tracsis Travel Compensation Services Limited);
(2) Comprises CGU: Railcomm LLC;
(3) Comprises CGUs: Tracsis Traffic Data Limited, Tracsis Events Limited and Customer Insights (Tracsis Rail Consultancy Limited);
(4) Comprises CGU: Compass Informatics Limited and The Icon Group Limited.

In accordance with the requirements of IAS 36 “Impairment of Assets”, goodwill is allocated to groups of the Group’s cash-generating units ("CGUs") which are expected to benefit from the combination. These groups of CGUs are not larger than the operating segments of the Group. Each group of CGUs is assessed for impairment annually or whenever there is a specific indicator of impairment.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value in use over a projected period of three years together with a terminal value. This reflects the projected cash flows of the CGU based on the actual operating results, the most recent Board approved budget and management projections.

The key assumptions on which the value in use calculations are based relate to business performance over the next three years, long-term growth rates beyond 2027 and the discount rates applied. The key judgements are the level of revenue and margins anticipated and the proportion of operating profit converted into cash flow in each year. Forecasts are based on past experience and take into account current and future market conditions and opportunities.

	Discount rate	Short-term growth rate*	Long-term growth rate
Rail Technology & Services - United Kingdom	14.4%	9.9%	2.0%
Rail Technology & Services - North America	13.5%	29.2%	2.0%
Traffic Data & Events	14.4%	1.5%	2.0%
Data Analytics / GIS	12.9%	6.0%	2.0%

* The short-term revenue growth rate is the compound annual growth rate between 2024 and the end of the projected period.

Sensitivities of reasonably possible changes have been considered for the Rail Technology & Services - United Kingdom, Traffic Data & Events and Data Analytics / GIS groups of CGUs as set out below and resulted in the recoverable amount exceeding the carrying amount for each group:

- a 1% point increase in the discount rate; and
- a 1% point reduction in the long-term growth rate.

The discount rate applied would need to increase by more than 7.8% points before the carrying amount would not exceed the recoverable amount in any of these three groups of CGUs.

The Rail Technology & Services - North America CGU group is sensitive to changes in forecasting assumptions. A key assumption within its value in use is the revenue growth opportunity. While the Directors are confident that the business can achieve strong revenue growth and that is reflected in the forecasts used to calculate the value in use of the CGU, that revenue growth is not guaranteed, and future revenue could be affected by various factors including the risks identified in our summary of the Group's principal risks in its Annual Report.

A decrease in the short-term growth rate to a compound annual growth rate of 24.0% and maintaining a long-term growth rate of 2.0% per annum would reduce the headroom against the non-current assets to £nil. This assumes no cost mitigations over the forecast period other than the costs of sales that would be saved from the lost revenue. The Directors consider this possible but unlikely based on the identified market opportunities for its products and services, the successful post year-end go-live of a major dispatch project, and the opportunity to take cost mitigation actions in the event that revenues are materially lower than the base case forecast. The Directors also note that operational activity in 2024 was focused on delivering the go-live of a major dispatch project, and that the CGU group has previously delivered revenue at a materially higher level than 2024. The forecast short-term growth rate is equivalent to a compound annual growth rate of 10.5% when compared to the CGU group's revenue in 2023.

11. Subsequent Events

There have been no disclosable events subsequent to the balance sheet date.

12. Annual Report and Annual General Meeting

The Company anticipates dispatching a copy of its annual report and accounts to all shareholders in December 2024. A copy will also be available on the Company's website: www.tracsis.com. The Annual General Meeting of the Company will be held at Nexus, Discovery Way, Leeds, LS2 3AA on 22 January 2024 at 9.00am.