TRACSIS

Technology makes it possible, people make it happen

Annual Report and Accounts 2024

A technology business with multiple growth opportunities

Where we've come from

Tracsis plc was founded in January 2004 to commercialise world-class research and expertise developed in the field of transport scheduling and software optimisation technologies. Since then, the Group has grown rapidly, diversified into related transport technologies and new geographies and successfully executed a strategy that has seen it make a total of 17 acquisitions.

Where we are

Tracsis is a leading transport technology provider, delivering software, hardware, data analytics and services to the rail, traffic data and wider transport industries. We use our technical capabilities, expert domain knowledge and unique range of products and services to deliver mission-critical solutions to our customers and long-term value to our shareholders.

The Group has c.550 permanent employees serving its growing customer base from offices in the UK, Ireland and North America.

→ Read more on **pages 2-3**

Where we are going

We are focused on delivering sustainable growth that benefits the communities in which we and our customers operate.

There are strong growth opportunities for the Group, driven by increasing requirements for digital solutions that enable our customers to deliver operational efficiency, improved safety and environmental outcomes and a better customer experience. In order to realise these opportunities, the Group has undertaken a significant programme of transformation during the year, to provide a strong foundation for accelerated growth in the future.

Tracsis has a track record of healthy cash generation and has no debt, leaving us well positioned to continue to invest in our technology base, complemented with selective M&A to supplement the organic growth opportunity.

→ Read more on **pages 24-25**

Our purpose

Tracsis' purpose is to "make transport work". Our approach focuses on combining leading edge software and hardware knowledge, data capture, analytics and industry expertise to generate insights and fast-to-market products and services.

→ Read more on **pages 24-25**

What we do

We develop innovative technology-driven solutions that solve complex problems in order to maximise efficiency, reduce cost and risk, enhance operational and asset performance, improve safety management and decision-making capabilities, and deliver a better customer experience for clients and customers.

→ Read more on **pages 14-15**

Our customers

Tracsis has a blue-chip customer base which includes all major UK transport owning groups, Network Rail, passenger and freight train operating companies, Transport for London, multiple local authorities, major outdoor music and sporting event organisers, and a wide variety of large engineering and infrastructure companies. In North America our clients include Class 1 rail freight companies, transit operators, shortline railroads and several large rail-served ports and industrials.

→ Read more on **pages 22-23**

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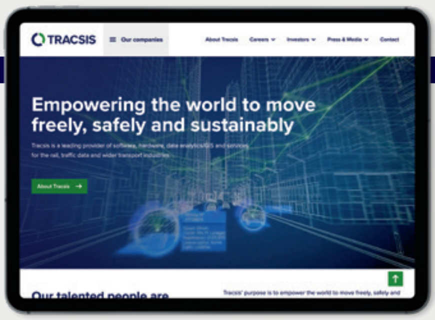


→ To find out more visit our website:
www.tracsis.com

At a glance

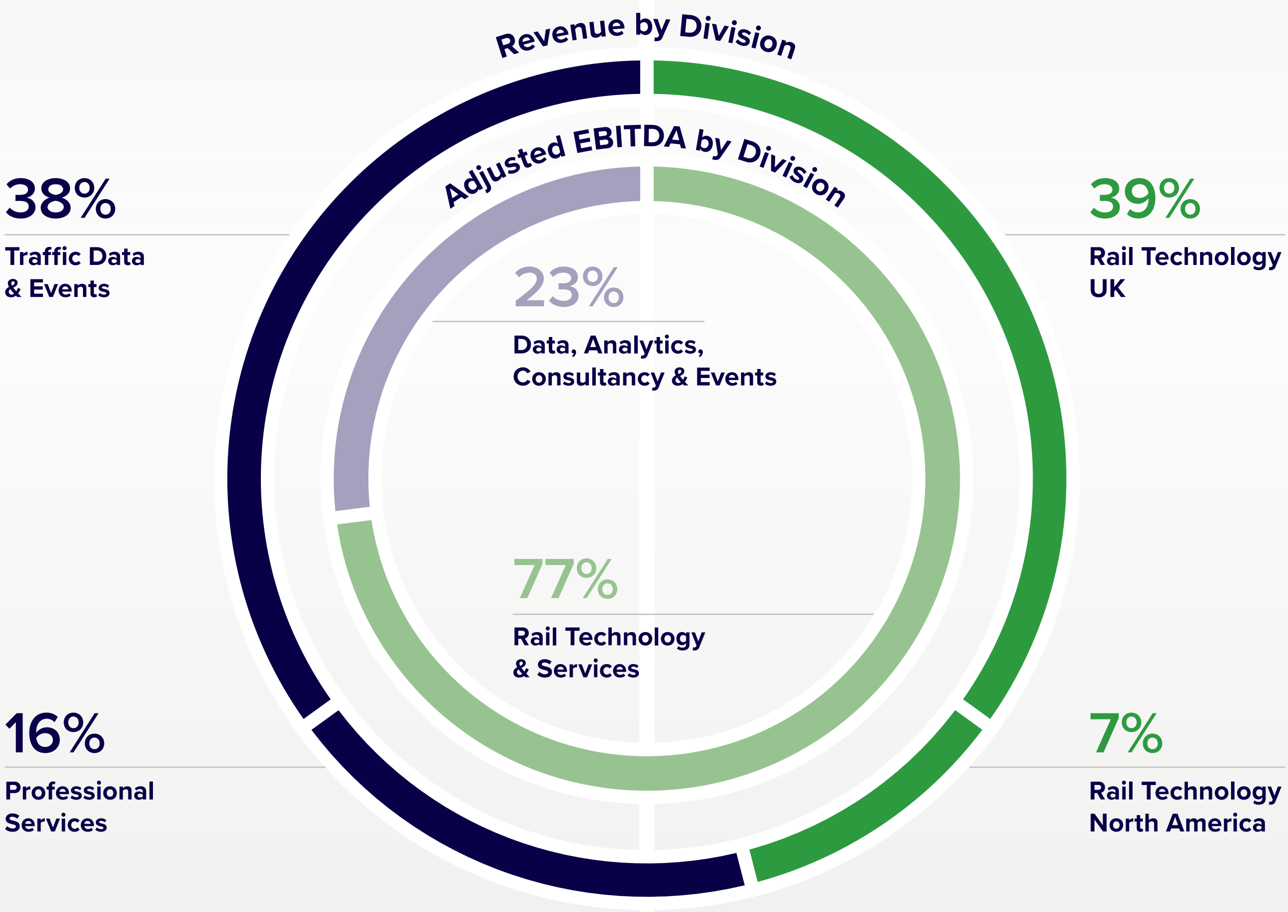
A diversified portfolio in attractive end markets

Data Analytics, Consultancy & Events

A largely services-led business that focuses on data capture and analytics, geographic information systems, earth observation, consultancy and event traffic management within a range of transport and pedestrian-rich environments. The business provides technology, bespoke products and services and data insights that underpin large-scale intelligent transport systems, smart city planning, transport management and positive environmental decision making.

Rail Technology & Services

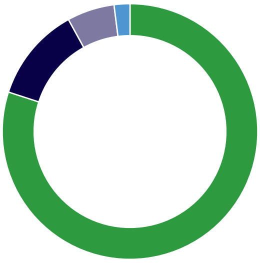
A software, technology and product-led business. It develops and supplies software that solves complex resource, asset optimisation and control problems for train operators, as well as smart ticketing, delay repay and other retail software to improve the customer experience for rail users. It also develops Remote Condition Monitoring hardware, data acquisition software and safety and risk management software for rail infrastructure providers.



→ Read more about our Divisions on **pages 30-31**

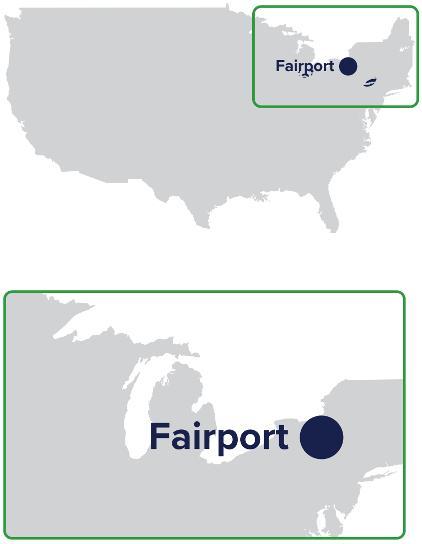
Where we operate

Revenue by geography (%)



UK	80%
Europe	13%
North America	5%
ROW	2%

US



UK

Our strategy

We have a clear strategy to deliver sustainable growth and shareholder value, focused in four key areas:

Maximise existing product footprint

Expand addressable markets

Enhance growth through acquisition

Operating as OneTracsis

Highlights

A year of transformation to accelerate future growth

Financial highlights

Revenue (£m)

£81.0m

vs 2023 -1%

Adjusted EBITDA (£m)

£12.8m

vs 2023 -20%

PBT (£m)

£1.0m

vs 2023 -86%

Cash (£m)

£19.8m

vs 2023 +29%

Operational highlights

Transformation of the Group's operating model

The Group has executed a programme of actions during the year to transform its operating model and to accelerate its future growth. Actions were focused on enhancing our technology development and delivery capabilities, integrating our Rail Technology UK operations under a single leadership team, upgrading our systems and processes and streamlining our operating footprint. The Group has also re-focused its product and services portfolio on higher margin growth activities. These actions were delivered to plan and better position the Group to accelerate growth, improve profitability and invest in developing the next generation of products.

The Group incurred £3.0m of costs in the year to deliver this transformation. These costs have been reported as exceptional items, so the underlying year on year trading performance of the group can be more clearly understood.

Continued growth in recurring and repeat revenue driven by strong UK performance

Recurring and repeat revenue in the Rail Technology & Services Division increased by 10% to £25.5m, driven by new contract wins and the deployment of contracts won in previous years. This largely offset lower levels of perpetual licence and milestone delivery revenue in the Rail Technology & Services division.

North American software deployment opens up new market opportunity

The first implementation of a new Train Dispatch system went live with a US commuter rail customer in the first quarter of FY25. The successful delivery of this system opens up a large new product segment opportunity for Tracsis in North America where the industry is actively looking for new participants. We are seeing significant interest from transit operators, commuter rail providers and freight operators across North America and have a large and growing pipeline of further opportunities.

Significant growth in pipeline of rail technology software opportunities

We have invested throughout FY23 and FY24 to build out and upskill our commercial teams in the UK and North American rail markets. This has delivered significant growth in the pipeline of major software opportunities across both markets. We estimate that this pipeline has increased by 200% since 31 July 2023.

Record activity levels in Events Transport Planning and Management

Our Events business delivered record revenue and has successfully secured FY25 renewals with several of its large customers.

Our strategy in action

Rail Technology UK

The Group has undertaken a programme of transformation this year to create a strong foundation for future growth. As part of the series of actions taken, we have integrated our Rail Technology UK businesses, enhancing their IT and software operating model, upgrading operating systems and processes and streamlined its operating footprint.

“Our transformational activity has created a platform for Tracsis to be more agile and customer-focused, while still delivering exceptional products and services to our customers.”

Simon Critchley
Managing Director, Rail Technology UK

FY24 Rail Technology UK highlights:

- Deployment of our smart ticketing technology across Transport for Wales and Merseyrail, offering a frictionless experience for our customers
- The appointment of key personnel to support our growth in the future, including a Chief Technology Officer who will oversee all aspects of product development and architecture and targeted investment in enhancing our commercial and project delivery capabilities
- 10% growth in annual recurring and repeat revenue in Rail Technology UK

→ Read more at **www.tracsis.com**

Our key performance indicators

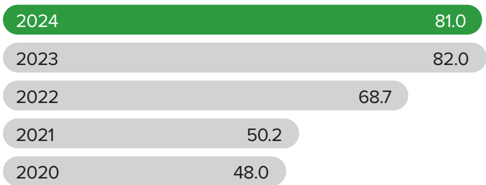
Measuring success

The KPIs used to monitor the financial performance of the Group are set out below.

These KPIs give insight into the five-year growth, profitability and financial position of the business and therefore enable progress on the implementation of the Group's strategy to be monitored. These KPIs are consistent with those reported in prior year.

Revenue (£m)

£81.0m



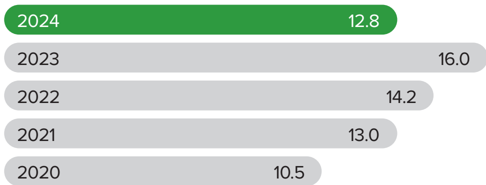
Definition

Value of goods sold and services provided to customers, net of sales taxes.

Comment: Decrease from prior year reflects impact of UK pre-general election activity restrictions in the final two months of the year, the anticipated non-repeat of perpetual licence revenue in the prior year, and lower levels of contact delivery revenue in North America due to the timing of milestone delivery in the order book and slower than expected conversion of our Yard Automation opportunity pipeline.

Adjusted EBITDA (£m)

£12.8m



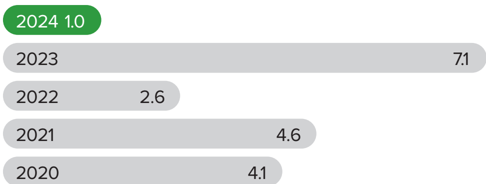
Definition

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 28 for reconciliation.

Comment: Decrease from prior year includes the lower level of revenue, the impact of UK pre-general election activity restrictions in the final two months of the year, lower contribution from certain non-strategic activities that are no longer being pursued and investment in building a scalable platform for future growth.

Profit before tax (£m)

£1.0m



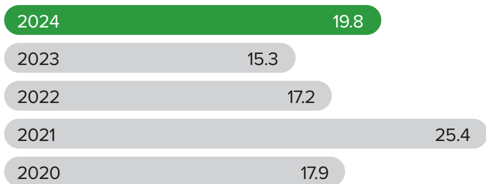
Definition

Earnings before taxation.

Comment: Principally reflects the lower level of adjusted EBITDA alongside £3.0m of exceptional costs associated with delivering the Group transformation.

Cash (£m)

£19.8m



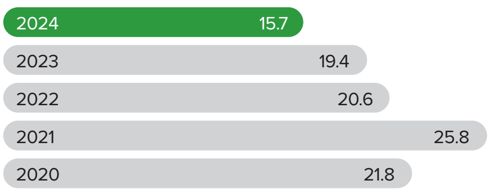
Definition

Value of cash and cash equivalents and cash held in escrow.

Comment: Net cash flow from operating activities remained healthy at £8.5m (2023: £9.6m) despite the lower level of EBITDA and £2.3m of cash outflows associated with delivering the Group transformation.

Adjusted EBITDA margin (%)

15.7%



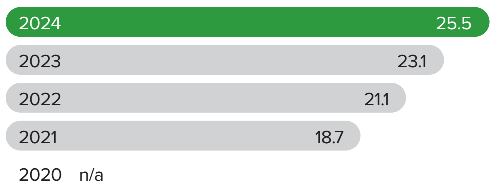
Definition

Adjusted EBITDA divided by revenue.

Comment: Decrease from prior year includes the lower level of revenue, the impact of UK pre-general election activity restrictions in the final two months of the year, lower returns from certain non-strategic activities that are no longer being pursued, and investment in building a scalable platform for future growth.

Annual Recurring Revenue (Rail Technology & Services) (£m)[1]

£25.5m



Definition

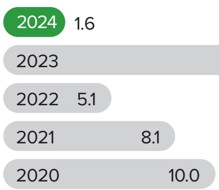
Revenue in the financial year from recurring software licences relating to products that have gone live, and annually repeating hardware revenue from framework agreements.

Comment: Growth principally in Rail Technology UK from new multi-year contract wins and the delivery of the order book.

1 This metric was not reported prior to FY21.

Basic earnings per share (p)

1.6p



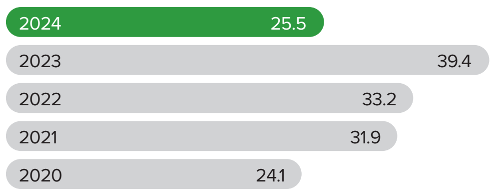
Definition

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Comment: Principally reflects decrease in profit before tax.

Adjusted basic earnings per share (p)

25.5p



Definition

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.

Comment: Principally reflects decrease in adjusted EBITDA.

Chair's statement

A year of continued progress

Jill Easterbrook
Chair

"We have made strong operational progress this year, in order to create a platform for significant future growth. While the Board acknowledges this has been a difficult year financially, we remain optimistic about the growth opportunities for the Group, with a range of products and services in attractive end markets."

Dear stakeholder

Whilst our financial performance was impacted by the unexpected timing of the UK general election alongside a slower than expected conversion of opportunities in our North American pipeline, I am pleased to report that operationally the Group has made strong progress, executing a programme of transformational change to create a strong foundation for future growth. I would particularly like to thank our teams for the hard work and commitment they have shown in delivering this.

Drawing out some key performance highlights, our Rail Technology UK business enjoyed double-digit organic growth this year, offsetting slower than anticipated conversion of pipeline opportunities in North America. In addition, notwithstanding the short-term disruption caused by the unexpected timing of the UK general election, our Traffic Data & Events business reported record revenue with a number of strategically important contract wins.

The achievements of the Group in transforming the business to its new operating model should not be understated. Tracsis is now more agile and responsive, focusing its products and services portfolio on fast-growing, higher margin activities, which means we look to the future with confidence.

Strategic progress

During the year, the Board reviewed its strategy and developed an ambitious plan for growth to 2030. This will inform our product proposition and target markets, as well as M&A and sustainability activities.

The Group has delivered a programme of actions during the year to transform its operating model. These one-off actions were delivered to plan and included optimising the Group's organisational structure, integrating the Rail Technology UK businesses, enhancing its IT and software operating model, upgrading operating systems and processes, and streamlining its operational footprint. This transformation has created a scalable platform for future growth, with enhanced capability and experience across our senior leadership teams.

Our strategic plan aims to drive future growth through annual recurring software licence revenue and improving profitability. Aligned with this ambition, we have taken actions in the final two months of the year to re-focus our product and services portfolio on higher margin growth activities. As a result, the Group will no longer pursue certain non-strategic, lower margin activities within its Transport Consultancy business in the UK and within its Rail Technology North America portfolio.

A sustainable business model

Tracsis is committed to delivering long-term sustainable value for our people, customers, communities and shareholders. Its products and services are well aligned with this vision and support its customers in delivering positive environmental and social outcomes. During the year, Tracsis has developed its Carbon Reduction Plan, which explains how the business will become carbon neutral across its operations for 2030 for scope 1 and 2 emissions and achieve net zero before 2050. This will be published in the spring of 2025.

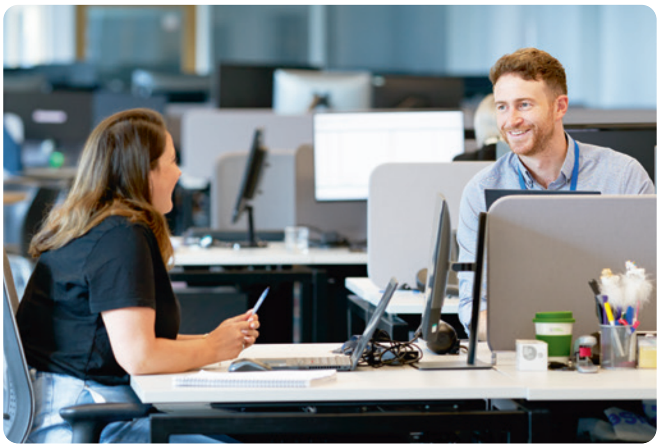
In collaboration with our businesses, we led a number of initiatives in the community, including sponsoring Leeds City Council's "Hack for Good" event in September 2023, which saw over 100 attendees work with the local council to evaluate ideas for how data and technology could be used to positively impact the independence and quality of life of the people of Leeds as they grow older. Tracsis is also a proud sponsor of the Leeds and Manchester Digital Festivals for the year ahead, which continues our involvement in hosting events and activities to encourage those who want to start or grow their career in technology.

Tracsis employs c.550 permanent people around the world. How we look after and help develop our employees is critical to the long-term success of the business. I have enjoyed meeting a number of our teams over the year, which confirms to me the considerable potential that sits within our organisation.

We conduct an all-employee engagement survey annually. This feedback mechanism allows the executive team and Board to gauge employee sentiment, understand their perspectives on business operations and identify where we can better help support and develop our workforce.

Health and safety is a priority for Tracsis and it is critical that everyone has the right to expect to be safe at work. The Board dedicates time at each meeting to review health and safety performance including the circumstances behind incidents and near misses as well as considering what further mitigations might be implemented at a business level to avoid recurrence. I am pleased to report we continue to make progress in this area, including a reduction in our lost time injury frequency rate during the year. This metric is specific to our Traffic Data & Events business and is not a KPI that we track on a Group-wide basis.

The Board of Tracsis takes its responsibilities for its stewardship of the business extremely seriously and is committed to ensuring that we operate at all times with the highest standards of governance. Consistent with last year, the Board measured its corporate governance arrangements against the 2018 Quoted Companies Alliance Code ("the QCA Code") and our assessment of compliance against this Code can be found in the Governance Report on pages 66 and 67. In July 2024, the Board internally reviewed its compliance against the 2023 iteration of the QCA Code to identify any gaps or actions. Reporting against the 2023 iteration is applicable for reporting years beginning after 1 April 2024 and will be reported on next year.



Commercial highlights

- 10% organic revenue growth from the Rail Technology & Services Division in the UK including a further increase in rail technology licence usage and annual recurring and repeat revenue
- New contract awards in smart ticketing and delay repay and the next funded phase of RailHub development from Network Rail
- Significant growth in the Group's addressable pipeline for major software opportunities across both the UK and North American markets
- The first full deployment of a new Train Dispatch product in North America was completed in the first quarter of FY25 with a US transit operator
- Secured renewals with several of the Group's largest customers in the Data, Analytics, Consultancy & Events Division for delivery in FY25

Chair’s statement *continued*

Board changes

I would like to extend my thanks to Liz Richards, who stepped down from the Board and as Chair of the Audit & Risk Committee on 30 June 2024 after eight years, as part of a planned succession. Liz made a great contribution to the Board and her knowledge of the business and insight were invaluable to me as Chair. On behalf of the Board, I wish her well for the future.

I am delighted to welcome to the Board, Ross Paterson, who joined the Board in April as a Non-Executive Director and who assumed the role of Chair of the Audit & Risk Committee from 30 June. Ross is a former finance executive at Stagecoach and former Non-Executive Director at Virgin Rail. He brings with him a wealth of finance and industry knowledge and is a great fit with our business.

In addition, to reinforce our commitment to the highest standards of governance, we appointed Jan Mitson as our first dedicated Company Secretary in April 2024, which allowed our CFO, Andrew Kelly, to step down from this dual role.

Dividend

The Board recognises that dividends play an important role for investors. The Group remains committed to the progressive dividend policy that was adopted in 2012. I am pleased, therefore, to confirm the Board has proposed a final dividend of 1.3 pence per share (2023: 1.2 pence per share) which, if approved, would result in a full-year dividend of 2.4 pence per share (2023: 2.2 pence per share). This dividend would be paid on 7 February 2025 to shareholders on the Register of Members at the close of business on 24 January 2025.

Looking ahead

Tracsis has undergone a period of significant transformation over the last twelve months which the Board believes was necessary to ensure the business can deliver its growth ambitions in the future. The actions taken to transform our operating model, to re-focus our product and services portfolio, to strengthen our leadership teams and to accelerate pipeline growth leave the Group well positioned to deliver further growth.

Tracsis operates in markets that have long-term structural growth drivers, including the ongoing digitalisation of the rail and broader transport industries in the UK and overseas. We continue to build a large pipeline of major software opportunities in the UK and North American rail technology markets which underpins our growth ambition.

We remain committed to pursuing both organic and acquisitive growth, supported by a strong balance sheet and good cash generation. M&A opportunities will focus on that can extend our software and technology footprint or on those that further diversify our sector and geographic reach, subject to meeting our selective acquisition criteria.

The Board is therefore confident that the Group can deliver long-term scalable growth, with increasing levels of annual recurring revenue and improved profitability.

Annual General Meeting

The Annual General Meeting of the Company will be held at 9.00 a.m. on Wednesday 22 January 2025 at Nexus, Discovery Way, Leeds LS2 3AA.

Jill Easterbrook
Chair
19 November 2024

Investment case

Why invest in Tracsis?

We deliver sustainable value for our stakeholders by developing innovative, technology-driven solutions that solve complex problems.

Our business model is focused on a product and services proposition that has high barriers to entry and is increasingly sold on a recurring basis under contract and to a retained customer base that is largely blue chip in nature. Our strong balance sheet and cash generation enable us to invest for future growth.

Strong market fundamentals

Our products and services enable our customers to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity and improved safety outcomes. We are well positioned to support the delivery of the digital transformation of the rail and wider transport industries.

UK funding to deliver a safe and customer focused railway between 2024 and 2029*

£43.1bn

→ Read more on delivering across markets on **pages 22-23**

High value products and services

Our products and services offer compelling value propositions for our customers. They are well differentiated and, in several cases, are unique. We have strong, long-term relationships with our customers, which support a high level of recurring and repeat revenue and provide valuable insight in developing the next generation of products. These are underpinned by sector-specific expertise that allows us to provide expert advisory support and consultancy to our customers, and to fully understand their challenges and how best to provide a solution.

Increase in annual repeat and recurring revenue for Rail Technology

10%

→ Read more about our products and services on **pages 30-31**

Multiple growth opportunities in large addressable markets

Our organic growth strategy is focused on four core areas as set out on pages 14 and 15. These multiple vectors ensure diversification of our growth opportunities across customers and industry drivers, which supports our confidence that the Group can deliver further significant value for shareholders and provides some resilience against short-term market volatility.

Growth in Rail Technology pipeline opportunities

+200%

→ Read more in the CEO Review on **pages 16-21**

1 Source: Office of Road and Rail: Total amount allocated by Network Rail for Control Period 7: Published 31 October 2023.

Sustainable long-term growth and strong cash generation

The Group has no debt and high levels of operating cash generation. Our strong balance sheet enables us to invest for future growth and gives us the financial flexibility to support investment in innovation and the development of our business infrastructure to deliver this. Our growth strategy is focused on delivering increased annual recurring software revenue and improving profitability.

Cash and cash equivalents at 31 July 2024 with no debt

£19.8m

→ Read more about our financial performance on **pages 28-29**

M&A opportunities

We pursue M&A opportunities to expand our addressable markets and increase our technical capabilities, supported by healthy cash generation and a strong balance sheet.

We have disciplined investment criteria, focused on targets that meet the following requirements:

- technology-focused businesses in markets that complement our current portfolio;
- good long term growth prospects, with scope for synergies;
- strong management team which will stay with the business post-acquisition and fit the Tracsis culture;
- good barriers to entry;
- good EBITDA margins over the medium term; and
- cash flow positive.

Acquisitions completed since 2004

17

→ Read more about our growth strategy on **pages 12-13**

A scalable and sustainable business model

The Group has delivered a programme of actions this year to transform its operating model, resulting in a more focused technology portfolio supported by a consistent Group-wide approach to how we develop and deliver application software based on industry best practice.

Our business model is built upon long-term customer relationships, well-differentiated products and services that deliver compelling value propositions, high levels of recurring and repeat revenue, and strong cash generation.

Working in partnership with our customers, we deliver solutions that enable positive operational and ESG outcomes for our customers. Our Rail Technology & Services products principally support the operational requirements of running and maintaining the railway and are therefore largely resilient against changes in passenger numbers and structural changes in the UK rail industry.

Revenue growth (three-year CAGR)

17.3%

→ Read more about our business model on **pages 14-15**

Our business model

A sustainable business model

Rail Technology & Services

What sets us apart?

- Unique, market-leading products, including a fully integrated planning and delivery system for rail operators, and a Rail Delivery Group accredited PAYG ticketing solution for use on the UK railway
- Innovative solutions that are already being used by major transport operators
- Our solutions are mission critical to support the operational requirements of running and maintaining the railway, and are therefore largely resilient against changes in passenger numbers
- We build close working relationships with our customers as long-term partners to deliver sustainable value and understand their challenges – resulting in high customer retention
- We move quickly to test new ideas and bring products to market

How we create value

The value we create

Employees

We consider our employees to be some of the best in the sector and we are focused on providing them with a safe and rewarding working environment, providing opportunities for personal development, career progression and an inclusive and open culture.

Read more on **pages 46-50**

Customers

We provide innovative, technology-driven solutions that solve complex problems for our customers and enable them to better achieve their operational, regulatory and sustainability goals. Our strong product and services proposition enables us to develop strong, long-term relationships with our customers to become trusted partners and innovators who can help them to address future challenges.

Read more on **pages 32-33**

Shareholders

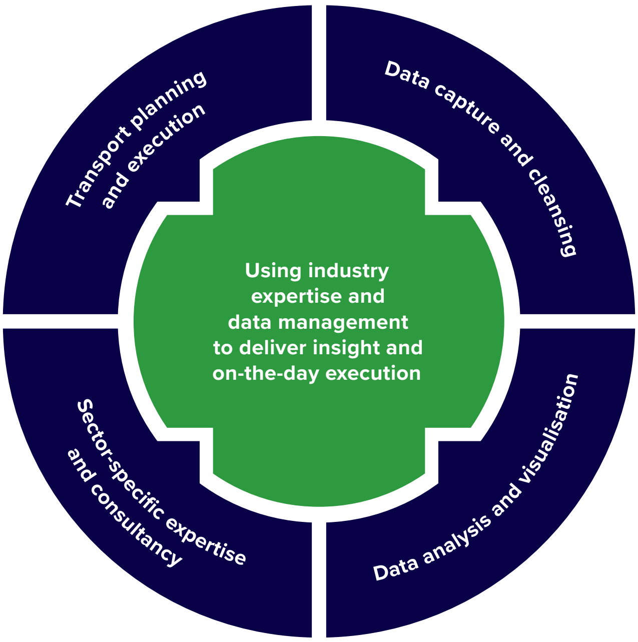
Through the execution of our strategy we deliver growth and value creation for our shareholders. We have a strong balance sheet, with no debt, which enables us to continue to invest in the growth of the business, including through acquisition and technology R&D.

Read more on **page 33**

We use our technical expertise, deep domain knowledge, unique range of product and service offerings and fast-to-market agility to deliver long-term value to our shareholders, mission-critical solutions to our customers and rewarding careers for our people.

Data, Analytics, Consultancy & Events

How we create value



What sets us apart?

- Sector-specific expertise in the transport, events management and environmental fields
- Long-term relationships with key customers, built on a strong track record of delivery
- Uniquely placed to apply data management expertise to the rail industry in combination with our unique product offerings in this market
- A core team with several years' experience and a unique skillset in delivering "on-the-day" execution for large-scale event traffic management
- An innovative approach to applying technology to transport planning and execution
- A passion for sustainability and enabling our customers to achieve their goals in this area

Communities

Doing the right thing for our people, our suppliers, our communities and our environment is a core part of our culture and values. We offer support through charitable giving and volunteering, and we sponsor events that encourage entry into tech as a career. Our products and services enable our customers to deliver significant benefits to communities and society at large, for example through the provision of a reliable, accessible and sustainable railway.

→ Read more on **pages 49-50**

Environment

Our products and services enable our customers to deliver their sustainability goals, including positive environmental outcomes such as lower GHG emissions. We are committed to reducing our own environmental impact and have a target of carbon neutral scope 1 and scope 2 emissions by 2030, which will be detailed in our Carbon Reduction Plan, which will be published on our website in spring 2025.

→ Read more on **pages 38-45**

Suppliers

We work closely with our suppliers and operate with integrity and in an ethical way.

→ Read more on **page 32**

Chief Executive Officer's review

Delivering our strategy for sustainable, scalable growth

Chris Barnes
Chief Executive Officer

> **"Our business transformation activity this year has enabled the Tracsis to lay a strong foundation for growth in the future. Our new operating model ensures greater agility, responsiveness and higher quality on time delivery, whilst still maintaining a strong product and services proposition to our customers, both existing and potential. While the business undoubtedly had a challenging end to the year arising from the unexpected timing of the UK general election and headwinds in our North America pipeline conversion we have a strong installed customer base, a growing M&A pipeline and a significant pipeline of multi-year software opportunities."**

Overview

This year, the financial performance of the Group was affected by the unexpected timing of the UK general election, which resulted in a change to our anticipated revenue profile in the final six weeks of the financial year. Alongside a slower than anticipated conversion of our North America pipeline, this meant that the results for the full year were behind our expectations. This performance, while disappointing, represented a timing, rather than a trading, issue and we expect to return to growth in the coming financial year.

Nevertheless, I am pleased to report that the Group has delivered a number of successful, complex and strategically important projects for our clients, including a multi-million dollar dispatch project in North America, the deployment of our industry-leading "Hopsta" PAYG smart ticketing product with a UK rail operator and the next significant module of RailHub with Network Rail. Our sales and M&A pipeline remain strong and underpin our growth ambitions.

In July 2024, we saw the first change of government in the UK after 14 years, with Labour proposing transformational change for the UK rail industry. Our assessment is that we are well placed to support the industry on its digital transformation journey under the leadership of Great British Railway.

During the past year, we completed a comprehensive business transformation exercise which has created the foundations for accelerated, scalable growth in the future. We have transitioned to an integrated service delivery model, led by management teams which are fully accountable for their respective business areas. This activity was crucial in ensuring that we remained agile and innovative in meeting our customers' future and current needs.

Alongside this, the business has a clear strategy extending to 2030 to maximise shareholder value by focusing our resources on high growth, high margin annually recurring software products, complemented by M&A activity. As part of this strategic review, we decided to cease operating our Transport Consultancy business in its current form. Instead, we will offer a more integrated service to our customers, complemented by a well-defined software integration pathway for our products and services.

We are confident that there are strong growth prospects across the Group and therefore remain committed to implementing our overall strategic growth and investment plans. We will continue to pursue organic and acquisitive growth supported by a strong balance sheet.

Strategic progress

Tracsis has a long track record of successful organic and acquisitive growth and our success has been driven by an agile entrepreneurial approach where we are first to market with leading-edge products and services. This has enabled us to create a strong, defensible market position and drive long-term recurring software revenue. Our Rail Technology business is transitioning towards a SaaS model and, over the past twelve months, this has required significant investment in new processes, people and systems to integrate the business, enable it to scale more quickly and recognise more profitable growth. We have appointed a Chief Technology Officer alongside new experienced senior managers in software development, platform architecture and support to ensure that we

Trading progress

Rail Technology & Services

Revenue

£37.6m

2023: £37.9m -1%

Adjusted EBITDA[1]

£9.8m

2023: £10.4m -5%

Profit before tax

£2.7m

2023: £5.2m -48%

Please see **pages 18-20** for more information

Data, Analytics, Consultancy & Events

Revenue

£43.4m

2023: £44.1m -2%

Adjusted EBITDA[1]

£2.9m

2023: £5.6m -47%

Loss before tax

£(0.8)m

2023: £3.0m -126%

Please see **pages 20-21** for more information

1 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 28.

develop "next generation" products aligned to the future needs of the rail industry in the UK, North America and other international markets. Alongside this, we have strengthened our commercial and product management teams to ensure that we continue to convert our rapidly growing pipeline of new opportunities.

Our strategy for North America

Following the acquisition of RailComm in March 2022 and the subsequent rebranding of the business to Tracsis US in the autumn of 2023, we have invested in growing our commercial team and have added several experienced North American rail industry specialists to lead our engagement with transit, commuter rail and freight operators. This transition resulted in headwinds in FY24 as we established this new team; however, we are now seeing the benefits of this investment through the significant growth in our pipeline of new software opportunities which we expect to convert during FY25.

Our growth strategy is focused on our Train Dispatch solution and, following the successful go-live of an important Positive Train Control variant of this software with a commuter rail operator in 2024, we are seeing significant interest from other passenger and freight operators across North America.

In addition, we are expanding the installed base of our Remote Condition Monitoring solutions and are looking at opportunities to expand our offering through predictive failure analytics.

OneTracsis

We have continued to develop our OneTracsis leadership programme for managers and senior leaders across the Group, though activities were weighted more towards H1, as the business focused on executing the business transformation project. We continue to believe that Tracsis as a business will only succeed if we have strong, experienced and capable individuals leading it, and we will be investing in our employees to ensure there is depth of talent and succession right across our organisation.

In September 2023, we started a rebranding exercise across our non-Tracsis branded businesses to bring them under a single Tracsis brand. We continue to take further steps across the Group, including the rationalisation of our social media footprint and website, to provide a clearer communication of our value proposition and product offering.

Chief Executive Officer's review *continued*

Digital transformation remains integral to the rail industry's future

We continue to see increasing levels of interest in digital solutions across the global rail industry. The Labour government has indicated it will focus its attention on improving the reliability, affordability, efficiency, quality and accessibility of UK rail travel. Our products are well aligned with these goals and our products and services offer the potential for a transformative experience for rail passengers.

The ongoing industrial action that the UK rail industry has experienced since June 2022 has generated sporadic instances of uncertainty in our procurement and delivery timescales as our customers address the operational difficulties that strikes bring, particularly around rescheduling timetables at short notice. However, the recently announced resolution of UK industrial action will provide greater stability for the industry. The benefits case behind our rail technology products will enable us to work with the industry to deliver revenue growth, operating efficiency improvements, cost savings and safety improvements across train operations and infrastructure.

UK government's published strategic rail outcome	How Tracsis could support
All train operators will be moved into public ownership (under the Operator of Last Resort) when current franchises expire.	This will result in faster decision making and more certainty for technology investments. All our existing software contracts automatically novate when a train operator changes ownership. Every UK train operator uses one or more of our software products to deliver its day-to-day operations.
Great British Railways will be created and will jointly manage infrastructure and rail services without the "culture of Network Rail".	Key operational areas of focus will be around dynamic timetabling, train crew management and improvements in service delivery, which are Tracsis' core capabilities built around **TRACS Enterprise**. Safety improvements alongside an increasing need to improve asset reliability and availability will also be key areas of focus. Our **Remote Condition Monitoring** and **RailHub** solutions are well placed to deliver these improvements.
Digital tickets are a key theme with a focus on PAYG, best value fare guarantees and automated delay repay.	We are the UK market leader in all these areas and the only company with a fully proven and accredited PAYG solution already available across 25% of the UK network. This is the growth vector for **Hopsta,** our app-based smart ticketing platform.
Increasing influence and decision making of devolved transport authorities – Transport for Wales, Transport Scotland, Merseyrail etc. and the Rail Delivery Group.	Many recent contract wins have been awarded through devolved authorities and we expect this to continue. We already have well-established senior stakeholder relationships.
Continuation of route devolution decision making across the UK.	This will enable us to continue to benefit from the nationwide Network Rail contracts that underpin **Remote Condition Monitoring** and **RailHub** and enable us to accelerate growth opportunities at the local level.

We do not expect the change of government in the US to impact the long-term growth opportunity in this market. We have a large pipeline of multi-year software opportunities, some of which are currently in the final stages of their procurement processes.

Data, Analytics, Consultancy & Events impacted by General Election

We continue to see strong demand for our services. Our Events business has had another record year with very strong demand across fixed and greenfield venues and we continue to secure important large multi-year contract wins. Our Data Analytics/GIS and earth observation activities are also performing strongly, and we are now exploring opportunities to expand our Geo Intelligence services into the rail sectors in the UK and North America. Our Traffic Data and Rail Consultancy activities were both impacted by the recent UK general election, and this has resulted in the rescheduling of some work to the autumn of 2024.

Sustainability

Sustainability is at the heart of the Tracsis value proposition and hence our approach is employee led. We have established a cross-business Sustainability Committee whose key objective is to prioritise the activities that resonate most with our employees across all elements of ESG. This year, the focus has been on securing ISO 14001 accreditation and generating and developing our Carbon Reduction Plan which will outline how we will meet our 2030 net zero carbon target whilst demonstrating clearly measurable year-on-year reductions in carbon emissions across the Group.

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 order book 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 almost threefold 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 order book delivery. Work has continued on delivering the order book 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. 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 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 order book.

Operational activity during the year was focused on delivering the full roll-out of the new Train Dispatch solution ("PTC BOS"[1]) 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 order book 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 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.

1 Positive Train Control Back Office Solution. This integrates Tracsis' Train Dispatch solution with the Positive Train Control ("PTC") family of automatic train protection systems in the US.

Chief Executive Officer's review *continued*

Trading progress and prospects *continued*

Rail Technology & Services *continued*

Rail Technology North America *continued*

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 would start 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.

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. This leaves the business well placed to return to growth in the next financial year and thereafter. 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 SaaS-focused model.

Data, Analytics, Consultancy & Events

Summary segment results:

Revenue	£43.4m	(2023: £44.2m)
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.

People

Tracsis has c.550 permanent employees, who are located in three countries. Our business relies not only on offering exceptional products and services to our customers but also on having outstanding individuals to deliver them. The long-term success of our Company depends on the engagement and dedication of our people and we are committed to providing opportunities for personal development and career advancement within a safe and inclusive working culture.

This year, we conducted an all-employee engagement survey to gauge our employees' sentiments and gather feedback on the execution of our strategy. As expected during a period of significant change, our workforce identified some areas for improvement and I am working with the senior leadership team to address this feedback. However, I am confident that if we were to run the survey today, the results would reflect a more positive outlook as our business becomes more settled in this new operating structure.

All-employee briefings delivered by the senior leadership team continued, with five such briefings held in the last year. These briefings provide an update on business performance and key strategic and operational themes and afford colleagues with an opportunity to ask questions. All sessions are delivered in person and recorded, so colleagues can access them at any time. I also make regular visits to our offices alongside other members of the senior leadership team, to provide an update on what is happening around the Group and to give our teams an opportunity to ask questions in a more informal setting.

We are continuing to execute a comprehensive strategy to ensure that we have the processes, learning and development frameworks, and robust succession plans in place to continue to offer a compelling proposition to current and future employees, and to ensure that we have the capabilities and talent to deliver our growth strategy. As part of this we have continued to deliver the OneTracsis leadership development scheme. This year, this has been supplemented by a series of training activities focused on developing high performing teams. We have invested in developing a central talent team, which co-ordinates our talent acquisition activities and also focuses on building development pathways within the Company for our people.

Safeguarding the health, welfare and safety of our people is a priority. We take our responsibilities on health and safety seriously and we continually explore innovative ways to keep our employees safe at work. I am pleased to report that our health and safety performance has improved this year with our lost time injury frequency rate in our Traffic Data & Events businesses falling from 8.1 in 2023 to 5.5 this year, reflecting the increased focus we place on safe systems of working and our robust recording of injuries and near misses, which are comprehensively reported to the Board at each meeting.

We continue to operate a hybrid working model with most of our employees spending some time working in the office and some time at home.

Outlook

I remain confident about the outlook for Tracsis. We have an excellent management team, a clear strategy, a strong balance sheet and a highly committed group of employees. Government commitments to reduce carbon emissions and invest in railway infrastructure, together with planned changes to the way the rail industry operates in the UK, will underpin a number of our future successes. Notwithstanding the short-term disruption this year, I believe that the Group's prospects remain very positive. Tracsis has market-leading products and services and a very talented team of people all underpinned by long-term strategic relationships with our clients. Over the past twelve months we have implemented significant changes across our Rail Technology UK businesses and as a result the next phase of growth will be very much focused on investment in our people and the next generation of our technology solutions. We have identified clear growth targets aligned to our 2030 vision for the business and these will drive our investment decisions over the coming five years.

Behind this, the macroeconomic drivers that makes Tracsis a compelling investment case remain strong and our products and services are focused towards attractive end markets. Our products enable our customers to digitally transform their business through increased efficiency, performance and productivity, combined with improved safety and customer experience.

Our clear growth strategy and strong balance sheet enable us to be selective in our capital deployment and M&A opportunities to support our growth. Our transformational activity has provided us with the foundations to deliver strong levels of growth in the future.

As a historically acquisitive business, M&A will remain a core part of our strategy. We will continue to actively pursue exceptional M&A opportunities, with a focus on extending our software and technology footprint and enhancing recurring revenue growth.

Chris Barnes
Chief Executive Officer
19 November 2024

Market review

Delivering across our markets

Tracsis' organic growth strategy is underpinned by structural drivers of growth in the markets where we operate.

A more efficient and future-proof railway

Key growth drivers

- Digital transformation of the railway in the UK and North America is required to achieve sustainable improvements in efficiency, performance and safety
- Legacy operational systems are under invested and poorly integrated
- Operational efficiencies can be achieved through real-time asset tracking and condition-based maintenance
- A data-driven approach to delivering a more agile and flexible timetable, and providing real-time information to consumers
- US investment in improving transport infrastructure

Tracsis solutions

- **TRACS Enterprise** is a high availability, cloud-hosted, enterprise-wide modular planning and delivery system for rail operators. Built around existing Tracsis stand-alone software products, it provides a single source of information for all timetable, resource planning, work allocation and central decision support. It delivers significant cost savings as well as enhanced operational capabilities including scenario planning and customer information
- Our **Remote Condition Monitoring** products enable both reactive and proactive maintenance of rail industry assets, improving their performance and reducing the requirement for scheduled maintenance visits
- Tracsis' **Train Dispatching** technology enhances efficiency and flexibility for train operators in North America. This digital solution seamlessly integrates different train types and rulesets to optimise movement instructions, ensuring safe and efficient operations from a single system that fully supports all Positive Train Control ("PTC") enabled railroads

Growth opportunities

- TRACS Enterprise growth in the UK including migration of existing customers from on-premise solutions
- Further growth in installed based of Remote Condition Monitoring in the UK and North America
- Increased deployment of Train Dispatch solution in North America
- Investment in next generation products with international applications

A safe and sustainable railway

Key growth drivers

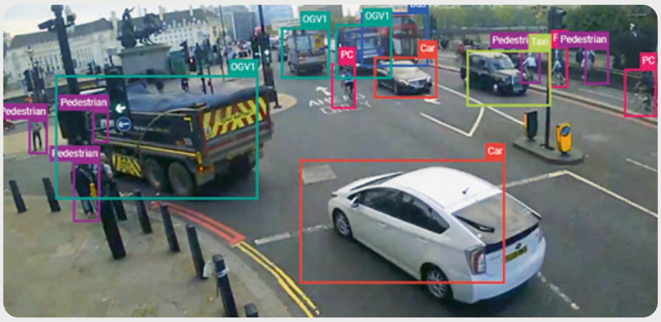
- Improving the safety of people working on or near the railway, reducing the number of near misses and fatalities
- Network Rail target of a net zero emissions railway in the UK by 2050
- Increasing use of public transport as part of delivering a lower carbon future

Tracsis solutions

- The **RailHub** risk management and safety platform has been developed to change the way the rail industry approaches the management and planning of work on the railway. It interfaces with multiple source systems to provide a single platform giving access to a range of digital tools and workflows that enable the planning and delivery of safe work on the railway across the rail infrastructure and maintenance sector
- There are opportunities to further integrate Tracsis software solutions in the operational, asset management and safety and risk management space, in order to provide more sophisticated digital tools to deliver the safe operation and maintenance of the railway

Growth opportunities

- Deliver further functionality across the RailHub platform for UK customer base, including further integration of other Tracsis capabilities
- Explore new market opportunities for the RailHub platform, including new geographies and adjacent markets



An improved customer experience

Key growth drivers

- Consumer demand for best value, in the face of ticket and fare complexity
- Ensuring customers can purchase tickets in a more convenient and flexible way
- Growing demand for integrated, multi-modal PAYG travel across the public transport space

Tracsis solutions

- **smartTIS** is a unique account-based PAYG ticketing product and outside London, Tracsis is the only smart ticketing solution on the UK railway. It is capable of applying all rail fare types, railcard discounts and weekly capping, and can ensure the customer always pays the cheapest fare. It is available in smartcard, contactless EMV or mobile app formats to provide maximum consumer choice and flexibility
- Tracsis **delay repay** solutions deliver automated claim assessment on the UK rail network for train operators, including claim decision, fulfilment, and fraud detection. This product can be fully integrated with smartTIS to deliver automatic delay repay for consumers
- **Hopsta** mobile app platform is a unique solution that puts the smartTIS technology directly into the hands of the consumer

Growth opportunities

- Increased PAYG passenger volumes in the UK
- Further roll-out of the Hopsta mobile app technology across rail operators
- Further integration of PAYG rail ticketing with other transport categories to deliver multi-modal solutions

Turning data into insight

Key growth drivers

- Data-rich organisations seeking greater insight into how they can facilitate better and faster decision making
- Market-regulated industries requiring data and GIS solutions to demonstrate ongoing compliance
- Intelligent use of data, including aggregating and cleansing multiple data sources, to deliver a more efficient, reliable and sustainable railway
- Increasing demand for data management and GIS capabilities to enable organisations to deliver their sustainability agendas

Tracsis solutions

- We have a Dublin-based centre of excellence with capabilities in geographical information systems (“GIS”), earth observation, data analytics and field computing, and mobile app development
- Our Rail Technology & Services products generate or collect increasing volumes of data from multiple components of running and maintaining the railway. Combining these multiple data sources into a single version of the truth gives significant opportunity for further improvements in operational efficiency, safety, and short- and long-term planning of the railway

Growth opportunities

- Deliver Geo Intelligence solutions into the UK and North American rail markets

Our strategy

Delivering sustainable growth

Our vision for Tracsis is to become a leading provider of high value, niche technology solutions and services that solve complex problems which maximise efficiency in regulated industries. Our strategy to achieve this is focused on four areas, as outlined below.

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.

Focus area	Progress since 31 July 2023
Delivery of order book of rail technology contracts	• 10% growth in UK Rail Technology & Services revenue • Two further deployments of PAYG smart ticketing technology, and one multi-year delay repay deployment 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
Grow pipeline of rail technology opportunities in the 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 Train Dispatch solution in the North American transit market went fully live in August 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
Focus portfolio on fast-growing, higher margin activities	• No longer pursuing certain lower margin activities in transport consultancy in the UK and in yard automation in North America, to focus on faster-growing, higher margin technology opportunities

Operating as OneTracsis

Enhance 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 area	Progress since 31 July 2023
Transformation of the Group operating model	• Transformation activities delivered to plan • Headcount reductions where roles duplicated or no longer required • Rail Technology UK fully integrated under a common management team • Closed five operating locations to streamline our UK operating footprint • Streamlining of legal entity footprint underway, to be completed in 2025
Alignment of Group-wide systems and processes built around OneTracsis	• Implemented new system to support Group-wide IT support services model • Finance systems upgrade completed to plan
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 • Recruitment of Chief People Officer to support implementing a global delivery model
Continue to execute sustainability strategy aligned with our 2030 carbon neutral ambition	• Group-wide ISO 14001 (environmental management) implementation completed • Carbon Reduction Plan developed, which will be published in spring 2025

Expand Into New Markets

Sell our products and services into new markets, including overseas, and expand into select sectors that share problems with the industries we currently serve.

Focus area	Progress since 31 July 2023
Continue to execute organic growth strategy	• 10% increase in Rail Technology & Services recurring and repeat revenue • Completed targeted investment in sales team expansion in North America and the 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

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 area	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

Our strategy in action

Saving costs on the NICTD South Shore Line upgrade

Northern Indiana Commuter Transportation District ("NICTD") partnered with Tracsis to integrate a new Computer Aided Dispatch ("CAD") system, setting a new industry standard and cutting costs by millions.

Background

In 1977, NICTD was created with the goal of maintaining and improving the South Shore passenger rail service, which operates between downtown Chicago and South Bend Airport. The organisation took significant steps to revitalise the service, including purchasing the passenger operations and assets in 1990. This initiative led to the establishment of two entities: the South Shore passenger service, owned by NICTD, and the South Shore freight service.

Project goals

NICTD's vision for the South Shore Line included:

- increasing service frequency with more express and off-peak services;
- reducing travel times from various points, including a target of 90 minutes from downtown Chicago to South Bend;
- improving reliability from 89% to 95% on-time performance; and
- doubling the 2019 ridership levels, capitalising on Chicago's congested highway system.

Value engineering and cost-saving measures

NICTD were awarded funding for a significant set of infrastructure projects and embarked on a rigorous value engineering process to reduce costs on these projects.

One area of particular focus was NICTD's CAD system and its associated Back Office Server (BOS) that form a key element of their Positive Train Control (PTC) system.

Partnership with Tracsis Rail Technology Solutions

In a pivotal move, NICTD engaged Tracsis to redefine the parameters of the CAD project. Under a ten-year agreement, we became the preferred delivery partner, offering a comprehensive and cost-effective CAD solution.

What Tracsis did

Tracsis' involvement began in the summer of 2020, focusing on developing and integrating a new, highly advanced CAD system with a BOS. This partnership provides:

- a future-proofed mainline CAD solution tailored to South Shore Line's requirements;
- significant cost savings through the CAD/BOS integration; and
- ten years of highly responsive, industry-leading service and maintenance support.

Implementation and outcomes

Despite the complexities of integrating new software into an active railroad system, Tracsis demonstrated agility and commitment. Key milestones included:

- successful software development and quality assurance;
- completion of FAT, SAT, LINN, and LIEE testing;
- Federal Railroad Administration acceptance; and
- cutover completion in September 2024.

Project success and future prospects

The partnership between Tracsis and NICTD resulted in a cutting-edge CAD system deployment, setting a new standard in the rail industry. This project exemplified how strategic collaboration and innovative solutions can address budget challenges and enhance service delivery.

NICTD and Tracsis will continue to work together on further updates as part of the West Lake Corridor project, ensuring that the South Shore Line remains a vital and efficient transportation service for the region.

TRAFFIC DATA AND EVENTS

Our Traffic Data & Events team are trusted to develop and manage complex traffic solutions for high profile event locations, including Silverstone, the Cheltenham festival, Glastonbury, Etihad Stadium and Bicester Village.

We use technology to support this delivery, which is either 'plug and play' or bespoke according to the client's requirements, in order to support our operations and add insights to our delivery. Such technology includes:

- Cameras for counting/data feed. Live or post event reporting
- Sensors and monitors – AI detection, Air Quality, Desire Lines
- Conduit Data Dashboard to display/manage different data sources
- Tracsis Live Technology for event monitoring
- Tracsis Parking App – Control parking capacities/allocations and public payment platform

Our activities range from developing bespoke strategies to simultaneously manage ordinary and event traffic, car park management, the deployment of temporary variable message signage and the use of traffic monitoring technology and control room team.

3,462,000

Number of supporters directed by our Events teams, across 53 football matches in Manchester

Chief Financial Officer's review

A year of significant operational transformation

Andrew Kelly
Chief Financial Officer

> "We have executed a programme of actions during the year to transform the Group's operating model, positioning it well to deliver long-term scalable growth. We have continued to grow recurring and repeat revenues and to deliver healthy cash generation. We will continue to invest in technology development and in acquisitive growth."

Trading performance

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.

The Group delivered strong organic growth in Rail Technology & Services revenue in the UK, despite the effect of these activity restrictions. Total Rail Technology UK revenue was 10% higher than prior year at £31.9m (2023: £29.0m), including the benefit from new contract wins in the year and in the prior year. This offset a lower level of Rail Technology & Services revenue in North America, reflecting the non-repeat of perpetual licence revenue in the prior year as anticipated, as well as lower levels of contact delivery revenue due to the timing of milestone delivery in the order book. As a result, total revenue in the Rail Technology & Services Division was slightly lower than the prior year at £37.6m (2023: £37.9m).

There was further strong growth in annual recurring and routinely repeating rail technology revenue, which increased by 10% to £25.5m.

Revenue in the Data, Analytics, Consultancy & Events Division of £43.4m was 2% lower than prior year (2023: £44.2m), reflecting the non-repeat of certain revenue items in Data Analytics/GIS as anticipated. This was largely offset by record revenue in the Traffic Data & Events business, which was achieved despite the impact of the UK general election taking place during its busiest period of the year.

The Group's 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.

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*, described above, and £3.0m of exceptional costs relating to the transformation of the Group's operating model, described below. 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); and
- <£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.

Transformation of the Group's operating model

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.

Cash generation

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);
- 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 £000	Year ended 31 July 2023 £000
Adjusted EBITDA*	**12,759**	15,952
Changes in working capital	**(480)**	(2,714)
Purchase of plant and equipment (net of proceeds from disposal)	**(1,246)**	(1,514)
Lease liability payments (net of lease receivable receipts)	**(1,409)**	(1,459)
Capitalised development costs	**(462)**	(300)
Tax paid	**(1,652)**	(2,065)
Other[1]	**157**	145
Free cash flow before exceptional items	**7,667**	8,045
Cash outflows on exceptional items	**(2,283)**	—
Free cash flow[2]	**5,384**	8,045

1 Includes net interest received or paid, profit on disposal of plant and equipment and proceeds from exercise of share options.

2 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.

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.

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.

Andrew Kelly
Chief Financial Officer
19 November 2024

* 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 28.

Divisional overview

Rail Technology & Services

Rail Technology UK

Operational Performance Software

Tracsis supplies a range of software products to passenger and freight operators that enable them to increase the efficiency of their operations and provide an enhanced experience for their customers. The product suite covers all aspects of transport operations including timetabling, resource and rolling stock planning and optimisation, real-time performance and control, service recovery, incident management, retail services and asset management. Products include TRACS, ATTUne, Compass, and retail and operations product suites. TRACS Enterprise is a high availability, cloud-hosted, enterprise-wide modular planning and delivery system for passenger and freight operators providing a single source of information for all timetable, resource planning, work allocation and control decision support.

Remote Condition Monitoring

Tracsis provides hardware and software solutions that enable reactive, condition-based and predictive maintenance of critical infrastructure assets, improving their performance and life cycle. We are a leading provider of rail-approved data loggers and sensors to monitor asset performance within level crossings, switch machines, track circuits, wiring and signalling systems. Supported by our own web-based data acquisition software platform, Centrix, we offer infrastructure owners a complete solution to deliver operational efficiencies.

Smart ticketing and Customer Experience

Tracsis provides smart ticketing solutions and bespoke software development of mission-critical back office solutions used by train operators and the Rail Delivery Group. smartTIS is a unique account-based ticketing product already deployed on about 20% of the UK rail network that offers a flexible, multi-modal tap and travel system with a best fare guarantee. It is capable of performing the full cycle from token-agnostic tap capture through to fare generation, payment collection and revenue settlement. Capable of applying all rail fare types, railcard discounts, weekly capping and flexible ticketing, it is uniquely placed to facilitate the move towards a paperless, PAYG smart ticketing environment. This technology can be deployed in ITSO smartcard, contactless bank card or mobile app formats for customer use.

We also provide automated delay repay claim assessment on the UK rail network for train operators, including claim decision, fulfilment and fraud detection.

Risk Management and Safety Software

Our software solutions allow infrastructure providers and maintainers to plan and deliver safe work on the railways by automating heavily regulated business processes, by enabling users to plan and execute work collaboratively, and by providing better quality and more visual information. Our flagship product, RailHub, is a digital platform with unique capabilities, including schematics on demand, live work site monitoring and digital sign-offs, that ensure work being carried out on or near the line is done so safely and productively. Accessible simultaneously across smartphones, tablets and desktops, our software solutions are part of the move to a more digital railway.

Rail Technology North America

Operational Performance Software

In North America, our Train Dispatch solution seamlessly integrates different train types and rulesets to optimise movement instructions, ensuring safe and efficient operations from a single system that fully supports all PTC enabled railroads. Our solutions include:

- centralised traffic control: supports freight and passenger operations to ensure safe, accurate and efficient routing of rail traffic, as well as control and monitoring of trackside assets including signals, power devices, gates and bridges;
- track warrant control and direct traffic control: dispatch system for operations without signal control, providing full conflict checking, automated data management, temporary speed restrictions, and track out of service alerts; and
- digital track warrant: digital workflow for requesting and issuing track warrants.

Remote Condition Monitoring

The Tracsis Remote Condition Monitoring solutions described opposite are also provided to the North American market.

Rail Technology & Services

Revenue	Adjusted EBITDA[1]	Profit before tax
£37.6m (-1%)	£9.8m (-5%)	£2.7m (-48%)

1 Earnings before net finance expense, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges.

Data, Analytics, Consultancy & Events

Professional Services

Data Informatics

We provide location-related technologies including geographical information systems ("GIS") and earth observation, as well as analytics solutions and services, to assist government and commercial organisations to deliver more efficient operations, protect their assets and meet regulatory requirements. Application sectors are primarily regulated industries including transportation, utilities, environment and planning. The focus on location technology creates particularly valuable insights for planning transport services and assets, protecting and enhancing natural resources, and ensuring and facilitating regulatory compliance.

Transport Insights

Provides consultancy and technology-related professional services to support operational, commercial, customer service and strategic planning activities in rail, bus and the wider transport industry.

Traffic Data & Events

Traffic Data

Provides transport data collection and analysis for local authorities, transport planners and operators, highways authorities, and large engineering consultancies. Through the application of automatic data collection systems, video with machine learning AI, and manual survey methods, we provide temporary or permanent data collection in any traffic environment and for any class of traffic including motor vehicles, cyclists and pedestrians. The insights we offer are deployed by industry-leading public and private sector clients to improve the flow of traffic and trade throughout the UK and Ireland.

Events Transport Planning & Management

Delivers traffic management solutions and event admission control services for large, complex operations including cultural and sporting events, festivals, large retail sites and other ad hoc activities. We support our customers with all aspects of planning, control, signage, traffic management and car parking. Technologies such as Tracsis Live Technology ("TLT") offer improved traffic monitoring and traffic flow in and out of major event venues.

Data, Analytics, Consultancy & Events

Revenue	Adjusted EBITDA[1]	Loss before tax
£43.4m (-2%)	£2.9m (-47%)	£(0.8)m (-126%)

Compass Informatics Ireland wins Public Sector Digital Transformation Award for "Data Innovation Project of the Year"

In October 2024, Compass Informatics Ireland won "Data Innovation Project of the Year" at the Public Sector Digital Transformation Awards for its Area Monitoring Project. The Department of Agriculture, Food & the Marine were presented with the prize at the awards ceremony in Dublin.

The project combined geospatial technologies and earth observation to continuously monitor c.46,000 km^2 of agricultural farmland. Machine learning algorithms combine scientifically validated input data with satellite imagery to identify patterns and assess near-real time satellite imagery for all kinds of agricultural activity.

Stakeholder engagement

Building strong relationships

Section 172 Statement

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company and to deliver long-term shareholder value, while having regard for all individual stakeholders.

The Board and its Committees consider who its key stakeholders are and the potential impact of decisions made on them, taking into account a wide range of factors including the impact on the Group's operations and the likely consequences of decisions made in the long term.

The Directors promote a culture within Tracsis of treating everyone fairly and with respect and this extends to all principal stakeholders including shareholders, employees, consultants, suppliers, customers, and the communities where it is active.

Engaging with stakeholders

The Group's key stakeholders and how the Group has engaged with them during the year on key decisions, is set out below and opposite.

Employees

Why we engage

The long-term success of the Group depends on the engagement and commitment of its employees. We strive to provide our people with opportunities for personal development, career progression, and a safe and inclusive working culture.

How we engage

- Divisional and business unit line managers
- All-employee briefings
- Employee training
- Internal communications
- Health and safety reviews
- Employee survey

Outcomes

Engagement occurs on both a formal and an ad hoc basis throughout the year. The CEO and CFO make regular visits to our offices, enabling staff to engage and to ask questions in a more informal setting. The Board also rotates the location of its meetings around Tracsis operating locations, giving employees the opportunity to meet with Board members and ask questions.

All-employee briefings are given by the senior leadership team on a regular basis, which provide an update on business performance and key strategic and operational initiatives. These sessions also provide an opportunity for colleagues to ask questions. All sessions are recorded and are made available for all colleagues to access.

We additionally conducted an employee engagement survey, in order to listen to the views of our employees and offered a wide range of training courses to employees, in order to aid their personal development.

The health and safety of all employees is a key priority. Health and safety activities are co-ordinated centrally by the Group Health & Safety Manager and are reported to senior management on a monthly basis. During the year, there were two RIDDOR reportable incidents, no serious injuries and no fatalities.

Customers

Why we engage

The Group has a wide range of current and prospective customers across its Divisions and business units. Regular contact is maintained through a variety of relationships at all levels throughout the organisation. The Group seeks to develop strong, long-term relationships with these customers to become trusted partners and innovators who can help them to address future challenges.

How we engage

- Regular contact through Divisional and Group management
- Attendance at industry events and tradeshows

Outcomes

The Group mainly engages with its customers via a mix of face-to-face meetings, video and telephone calls, industry events, and email communication. We have a number of large projects that are ongoing at any point in time which require regular dialogue and close liaison with our customer base. Our products and services offer a compelling value case for our customers, and we have continued to secure new large, multi-year contracts across both Divisions.

Suppliers

Why we engage

The majority of the Group's costs are staff costs. In respect of external suppliers, the Group has a policy of treating all suppliers fairly and in accordance with high standards of business conduct and ethics.

How we engage

- Regular contact through business unit and Group management
- Supplier due diligence
- Payment of suppliers in accordance with agreed terms and conditions

Outcomes

The Group's payment terms are generally within 30 days of invoice, and we provide details of our payment practices twice a year. The July 2024 report indicated that the average time taken to pay invoices was 20 days and that 84% of invoices were paid within 30 days.

Communities

Why we engage

We see ourselves as part of the communities in which we live and work, and we are committed to ensuring that the Group's operations, products and services positively contribute to these communities.

How we engage

- Operating businesses mainly maintain these relationships at a local level
- Group volunteering and community outreach policy
- Hosting engagement activities focused on technology
- Sponsorship of community events

Outcomes

We have a volunteer and community outreach policy that provides paid time off to enable and encourage our people to volunteer their time and skills to support community and charitable initiatives. We are encouraging each part of the Group to use this to take a more active role in their communities.

In September 2024, Tracsis was a sponsor of the Leeds Digital Festival, which is a collaborative celebration of digital culture in all its forms. This built upon our sponsorship of the Leeds "Hack for Good" event held in September 2023.

During the year the Group has made further progress towards its target of being carbon neutral for scope 1 and scope 2 emissions by 2030. This is described in more detail on pages 34 to 45.

Investors

Why we engage

The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are understood. We provide them with reliable, timely and transparent information on a regular basis, in order that they can make informed decisions on their investment in our Company.

How we engage

- Annual Report and Accounts
- AGM
- Group website
- Investor roadshows and results presentations
- Stock exchange announcements
- Investor visits and ad hoc meetings
- Engagement through the Group's broker

Outcomes

Responsibility for managing shareholder relationships rests with the CEO and CFO, with the support and assistance of the Company's broker. Two investor roadshows were completed in the year, for the final results from the previous year and the interim results from the current year. Both were conducted through a mix of face-to-face meetings and video conference. These roadshows cover existing and potential new investors. On both occasions, the Group also conducted an online presentation available for all holders and non-holders to attend.

The Group maintains regular contact with major shareholders and there were various ad hoc meetings throughout the year with both UK and overseas investors.

Principal decisions taken by the Board in FY24

The principal decisions taken by the Board during the year, along with how the Directors considered stakeholder interests when discharging their duties under Section 172 of the Companies Act, is set out below.

Principal decision and stakeholders considered	Board's decision making process	Longer-term considerations
Dividend Shareholders, potential investors and lenders.	Consideration of the financial resources required to execute our strategy, including organic investment and acquisition opportunities.	Ensuring that the Company's progressive dividend policy is consistent with the Company's financial performance without detriment to the strength of the balance sheet and future sustainability.
Board succession planning Shareholders, potential investors and employees.	The Board considered the future strategy of the Group, balanced with the existing skills and experience of the Board.	Ensuring an appropriately balanced and experienced Board, the majority of which are independent, would ensure that Tracsis can deliver on its strategy for the future to deliver strong returns to shareholders.
Capital allocation Shareholders, potential investors, lenders, employees, customers and our businesses.	The Group's budget, approved by the Board, sets the allocation of capital to deliver our growth strategy through product innovation, capital expenditure, M&A activity and sustainability.	Balancing investment for future growth against the longer-term interests of our businesses, their employees and our shareholders.
Business transformation Shareholders, customers and suppliers, employees.	The Board set the transformation agenda, to enable the business to have solid foundations on which to execute its 2030 strategy.	Monitoring and ensuring that the transformation agenda generates substantial business growth and that we provide a range of excellent careers for our employees.

Sustainability

Sustainability is at the heart of our purpose and our products

Chris Barnes
Chief Executive Officer

Our approach to sustainability

Tracsis is fully committed to delivering sustainable growth that benefits the communities in which we, and our customers, operate. The Group's products and services are well aligned with this vision and support its customers in delivering positive environmental and social outcomes. This is achieved by maximising operating efficiency, improving health and safety performance and delivering enhanced customer experience. Our growth strategy is focused in these areas.

Sustainability is a fundamental component of how we deliver long-term stakeholder value and of our employee proposition in order to attract and retain talent. Our environmental, social and governance ("ESG") strategy articulates our sustainability ambitions and provides a framework for delivering these. The execution of this strategy embeds ESG as a core component of our operating model.

> **"Tracsis is committed to delivering sustainable growth, and ensuring that its products, services and activities all make positive contributions to the world around us. We are using our ISO 14001 management system to continually improve our environmental performance and take tangible steps towards substantially reducing our emissions and achieving our goal of being carbon neutral for scope 1 and 2 emissions across Tracsis operations, by 2030."**

Chris Barnes
Chief Executive Officer

Tracsis sustainability framework

Our purpose
To empower the world to move freely, safely and sustainably

Our sustainability focus areas and ambition

Environment
Enabling a zero carbon future

Social
Helping people to prosper

Governance
An ethical and transparent business

How we achieve this

Through how we operate
An operating model that delivers positive outcomes for our people, our communities and our environment

Through our products and services
Enabling our customers to achieve their sustainability goals through our products and services

Corporate governance and compliance underpinning product and service quality

United Nations Sustainable Development Goals ("UN SDGs")

Our business model aligns with the UN SDGs summarised in the table below. In reviewing this alignment, we have considered the sub-indicators within each of the SDGs.

UN SDG

3 – Good health and well-being

Sustainable development target

3.6 – Halve the number of global deaths and injuries from road traffic accidents.

Tracsis alignment

Our Rail Technology & Services products help to deliver a modern, efficient railway with high levels of availability and an improved customer experience, to encourage increased use of public transport. Our traffic data business provides data used in the planning of a safe road network.

UN SDG

4 – Quality education

Sustainable development target

4.4 –Increase the number of youths and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Tracsis alignment

Our community outreach activities focused on encouraging careers in tech and improving access and diversity.

UN SDG

5 – Gender equality

Sustainable development target

5.5 – Ensure women's full and effective participation and equal opportunities for leadership.

Tracsis alignment

33% of the Tracsis Board is female.

We are acting to increasing female representation across all levels in leadership positions throughout the business.

UN SDG

9 – Industry, innovation and infrastructure

Sustainable development target

9.1 – Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Tracsis alignment

The core purpose of our Rail Technology & Services business is to enable the digital transformation of the railway to improve reliability, efficiency and sustainability and to increase passenger volumes, by rail.

UN SDG

11 – Sustainable cities and communities

Sustainable development target

11.2 – Provide access to safe, affordable, accessible and sustainable transport systems for all.

11.6 – Reduce the adverse per capita environmental impact of cities.

Tracsis alignment

Our Rail Technology & Services products help to deliver a modern railway, with high levels of availability, increased efficiency, improved safety outcomes, and access to pay-as-you-go ticketing. Our Data, Analytics, Consultancy & Events Division provides expert advice and analysis to deliver optimised transport infrastructure solutions which contribute to sustainable transport initiatives and CO_2 reduction.

UN SDG

13 – Climate action

Sustainable development target

13.2 – Integrate climate change measures into policies, strategies and planning.

Tracsis alignment

Our target is to be carbon neutral for scope 1 and scope 2 emissions from Tracsis operations by 2030.

Our products and services support optimised transport infrastructure solutions and the increased use of public transport, to help reduce GHG emissions.

Our ESG goals

The following table summarises our current ESG goals and its alignment to our operating model, products and services.

Environment

Sustainability ambitions

We see reducing carbon emissions as the area in which Tracsis can deliver the most material positive environmental impact.

Tracsis operating model

We are focused on reducing the carbon emissions from Tracsis' operations.

Our target is to be carbon neutral for scope 1 and 2 emissions across Tracsis operations by 2030.

Tracsis products and services

We envisage a zero carbon, energy efficient transport future.

Our products and services enable this by improving transport effectiveness and efficiency.

Social

Sustainability ambitions

We want to ensure Tracsis has a positive impact on the people who work for us, and on the communities where we operate.

Tracsis operating model

We want to provide our employees with meaningful, rewarding and sustainable employment:

- ensuring they are safe and protected from harm in the workplace – our 2030 target is for zero lost time injuries;
- creating a diverse and positive culture, with progression based on merit and capability;
- ensuring equal pay for equal work, and fairly rewarding success;
- providing training and development for all employees through formal programmes; and
- identifying potential and supporting career progression.

Tracsis products and services

We want to deliver a positive social impact on society at large:

- supporting our customers to deliver positive social impacts through the application of our products and services;
- delivering improved health and safety outcomes for our customers through our Rail Technology & Services products; and
- Our operations having a positive impact in the communities where we operate.

Governance

Sustainability ambitions

Our ambition is to be a successful, innovative and sustainable business that delivers long- term value and is accountable for its actions and behaviour.

Tracsis operating model

Effective and transparent stakeholder engagement.

Tracsis products and services

Managing sustainable value throughout the Company.

Key ESG highlights and progress in the last year

Environment

- Developed an Operational Carbon Reduction Plan with leaders from across the Group, focused on what needs to be done, when, and by whom, to reduce carbon across our business operations
- Energy Saving Opportunity Scheme Phase 3 Audit and development of a measurable action plan for Phase 4; further strengthening our Carbon Reduction plan and resilience
- Estate rationalisation leading to a reduction in office footprint and a 11% reduction in energy usage
- Review gate implemented to ensure carbon emissions are considered when capex is authorised
- Upskilled the Group Environmental Manager, who is now IEMA trained and certified
- Specialist ESG consultancy retained to support strategic decision making and policy creation as well as external validation of our carbon reporting methodology and compliance with GHG protocol and ESG-related regulations

Social

- 75% increase on internal moves across the Group, with suitable positions being advertised internally and the introduction of structured secondments
- Maintained a high retention rate of 89% pan-Group, 4% higher than the industry average for our sector
- An increase in our employee engagement score to 66% (vs 60% FY23)
- Invested in a new training platform to provide unlimited training opportunities to our colleagues. Since roll-out, 981 training hours have been logged by employees
- Accredited HR colleagues in Insights (Insights Discovery® | Official flagship product) and commenced training to contribute towards generating high performing teams across the Group
- Strengthen our diversity through training, recruitment, and flexible and remote working initiatives
- Continued our communication engagement programme including – Sponsorship of STEM-related events, running “Hackathons” and running CV writing workshops at Leeds and Manchester Digital Festivals, and increased number of colleagues volunteering in their local communities to 18 (4 in 2023)
- Introduced a Group-wide HR platform which will help to optimise both recruitment and the ongoing performance management of our teams

Governance

- Maintained ISO 27001 (information security, cyber security & privacy protection) accreditation in UK and US Rail, and EU Data Analytics business units
- Maintained ISO 14001 (environmental management) accreditation pan-Group
- Maintained ISO 9001 (quality management) accreditations, in our remote event & condition monitoring product, and traffic data collection services
- Commenced introduction of a Rail Technology UK ISO 9001 compliant quality management system
- Commenced a Group level service desk and service management function with a view to achieving ISO 20001(1) certification within 18 months
- Maturing, and better qualified Group governance, risk & compliance team, defining standards in a number of areas across an increasingly federated Tracsis Group
- Gap analysis completed against the new QCA corporate governance code, against which we will report in the FY24/25 Annual Report

Sustainability *continued*

Environment

Our Group-wide ISO 14001 compliant environmental management system ("EMS") provides a framework for the business to understand and continually improve its environmental performance. By adhering to the standard, we can ensure that we are taking proactive measures to minimise our environmental footprint, comply with relevant legal requirements (in the UK, EU and USA), and achieve our environmental objectives.

The EMS provides the framework within which we can:

- blend environmental performance with strategic business growth;
- report on our carbon emissions, to a defined standard;
- understand and report on our supply chain and value chain emissions; and
- achieve tangible benefits such as reduced waste, energy conservation and cost savings.

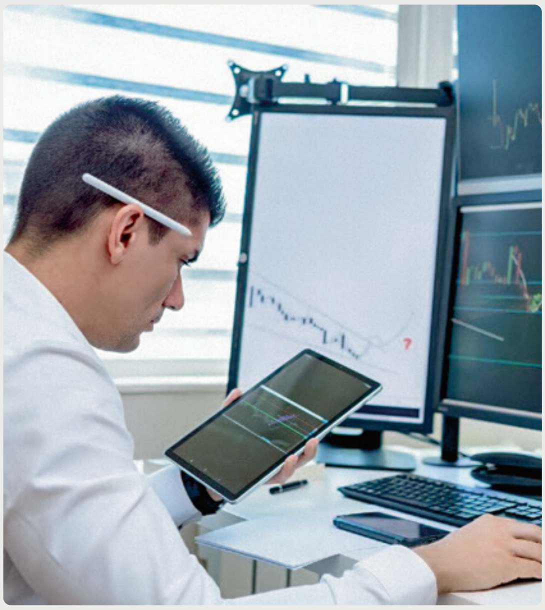
Our approach to climate change

The latest scientific findings about climate change underpin the urgency to act, and the need for businesses to support a wider societal transition to a climate resilient economy with low greenhouse gas ("GHG") emissions.

We also understand the ambitious and legally binding targets set by the UK government to achieve net zero GHG emissions by 2050. To play our part, we will need to change the way we operate to meet these requirements, as well as adapt to a more comprehensive, transparent, and prescribed framework for disclosing our evolving approach and progress on this journey.

Strategic Carbon Reduction Plan

We understand that our climate transition plans need to be robust, realistic, and credible. Therefore, we have chosen to predicate our Group-wide Strategic Carbon Reduction Plan on the UK Transition Plan Taskforce ("TPT") sector neutral Disclosure Framework which we will publish on our website in spring 2025[1]. This framework, launched by HM Treasury, was created to help companies develop, disclose and deliver on their carbon reduction activities. The Framework incorporates three guiding principles of Ambition, Action, and Accountability. Our Strategic Carbon Reduction Plan is built upon our Operational Carbon Reduction Plan that we developed this financial year with leadership across all business units and sets out the key steps in how we will make measurable progress towards our commitment to becoming a net zero business.



1 The Transition Plan Taskforce ("TPT") was launched in April 2022 to develop the gold standard for private sector climate transition plans. Its materials were informed by global engagement with financial institutions, real economy corporates, policymakers, regulators and civil society Transition Plan Taskforce I Setting a gold standard (transitiontaskforce.net).

Path to net zero – time horizons

The below schematic sets out the key activities and approximate timings on our path to achieving net zero.

Total Carbon Emissions

Short-term 2024–2026

- Establish comprehensive baseline and reporting (SECR, TCFD, ESOS, etc.)
- Embed internal facing Operational Carbon Reduction Plan – behavioural change commences at all levels
- Consider expected capital expenditure
- Communicate Strategic Carbon Reduction Plan externally
- Baseline our full carbon footprint including scope 3
- Establish detailed plan for net zero target development

Medium-term 2027–2030

- Set net zero targets
- Realise the benefits of the Operational Carbon Reduction Plan
- Drive & evolve initiatives to achieve 2030 carbon neutral target across scope 1 and 2
- Monitor and respond to changing regulatory frameworks (e.g. carbon pricing)
- Identify and manage limitations in required technical innovation
- Collaborate with value chain to reduce emissions

Long-term 2031–2050

- Implement initiatives that will achieve Net Zero across the business and value chain
- Leverage significant structural or industry change, and technical innovation (e.g., how data centres are powered/operated)
- Continue to respond and meet regulatory frameworks as they continue to evolve

2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2040 | 2045 | 2050

2030: Target for a carbon neutral Tracsis across operations for scope 1 and scope 2 emissions

2045–2050: Achieve net zero

Environment *continued*

Reducing our impact in the environment

We are committed to environmental sustainability. Progress towards achieving our 2030 targets for Tracsis operations are as follows:

Aim	Metric	2030 target	FY24 performance	Change in the year
Carbon neutral (Scope 1 and 2)	Tonnes of equivalent carbon dioxide emissions (tCO_2e)	Zero	2024: 984* 2023: 953* 2022: 917*	3.3% higher
Fleet electrification (owned and hired for operations)	Number of electric vehicles/total number of vehicles	100%	2024: 16% 2023: 16% 2022: 3%	No change
100% renewable energy supply	% kWh of renewable electricity supply (scope 2)	100%	2024: 52% 2023: 32% 2022: 40%	20% higher

* Reported as total emissions in 2023.

The key focus for Tracsis is to be carbon neutral by abating our scope 1 and scope 2 emissions by 2030. Since our baseline year in 2022 and alongside our efforts to reduce our emissions, we have continued to refine our calculation methodology, with increased granularity in measurements, providing greater insights into emission generating activities, which in turn feed into our carbon reduction activities and plans.

Overall, our Group's total location-based emissions have increased by 5% year on year to 1,057 tCO_2e. Despite great progress being made in our electricity energy reduction, as well as increased use of renewable sources, our scope 1 and scope 3 emissions have increased. Whilst aspects can be attributed to calculation refinement in certain locations, our emission increases are largely due to an increase in in both our own fleet (scope 1) and grey fleet (scope 3) vehicle mileage. As our revenue has reduced slightly, our market-based intensity metric has increased by 6% to 1.30 this year.

Over 70% of the Group's carbon emissions are generated from the vehicle fleet, which is primarily in the Traffic Data & Events business within the DACE division. Although we have reduced the number of vehicles in our fleet during FY24, our mileage has increased, and the proportion of electric vehicles has remained at 16%. Reaching our carbon neutral goal is based on achieving 100% electrification of this fleet requires us to progressively increase the utilisation of electric vehicles however our ambition is dependent on the primarily UK's transition to electric vehicle infrastructure, alongside the innovation in manufacturing of load bearing electric vehicles at scale, which we continue to monitor the risk of closely. Due to the change in policy progress in the year we have increased the likelihood of this transition risk and included it in our TCFD-aligned report this year.

Our scope 2 energy usage has decreased by over 11% year on year. We have made excellent progress with our transition to 100% renewable supply and are proud to report more than half of our electricity is now generated from renewable energy sources including our Rail Technology US business' 100% hydropower use. This is reflected in our market-based scope 2 emissions calculations and totals, which we are pleased to be reporting for the first time this year, showing how our procurement decisions are positively impacting our footprint. We have also transitioned one of our locations to renewable gas in the year.

This year we have also expanded our grey fleet scope 3 calculation to include casual workers, which has also been backdated into our FY23 calculations. Whilst we have focused our carbon calculation and reduction efforts on those we have greatest control, we are taking steps to reduce our wider scope 3 emissions and a key next step for Tracsis is to expand our footprint calculation to consider all scope 3 categories, to inform our scope 3 reduction activities and enable the development of a full net zero target.

Looking ahead, we are continuing to take action to reduce our office footprint as well realise opportunities, such as those identified during our ESOS audit, by taking proactive action to improve our energy efficiency across the business. Our actions are documented in our Operational Carbon Reduction Plan which all business leaders have taken an active role in defining and have accountability to deliver. Our overarching Strategic Carbon Reduction Plan, to be published in spring 2025, will provide further visibility of our net zero strategy to our stakeholders.

Tracsis recognise that we have a huge task ahead and are committed to continuing to invest in our carbon reduction activities, expanding our carbon footprint calculation, and communicating our progress transparently with our stakeholders.

Energy consumption & emission data

Carbon emissions are the primary metric for monitoring progress towards achieving our carbon neutral and eventual net zero ambitions. The below has been prepared in line with the Streamlined Energy and Carbon Reporting ("SECR") regulations.

	By region				By division				Group total	
	FY24		FY23		FY24		FY23			
	UK	Global excl. UK	UK	Global excl. UK	Rail Tech and Services	DACE	Rail Tech and Services	DACE	FY24	FY23
Energy consumption/kWh										
Scope 1: Gas and own transport fuel	**3,279,071**	**210,785**	3,286,640	240,195	**127,340**	**3,362,516**	81,178	3,445,657	**3,489,856**	3,526,836
Scope 2: Electricity and own electric transport	**339,772**	**209,659**	387,879	232,040	**373,662**	**175,769**	400,609	219,310	**549,431**	619,919
Scope 3: Grey fleet (category 6)	**273,214**	**26,439**	198,945	43,780	**27,909**	**271,744**	32,931	209,793	**299,653**	242,725
Energy consumption total	**3,892,057**	**446,883**	3,873,464	516,015	**528,911**	**3,810,029**	514,718	3,874,761	**4,338,940**	4,389,479
Emissions/tCO_2e										
Scope 1: Direct emission from owned/controlled operations	**826**	**52**	787	57	**28**	**850**	17	827	**878**	844
Scope 2: Indirect emissions from use of electricity	**77**	**29**	75	34	**68**	**38**	62	47	**106**	109
Scope 1 & 2 total	**903**	**81**	862	91	**96**	**888**	79	874	**984**	953
Scope 3: Grey fleet (category 6)	**66**	**6**	46	10	**7**	**66**	8	49	**73**	57
Calculated emissions total	**969**	**87**	908	101	**103**	**954**	86	923	**1,057**	1,009
Intensity ratio/tCO_2e per £100,000 revenue										
Scope 1 & 2	**1.38**	**0.51**	1.40	0.45	**0.25**	**2.05**	0.21	1.98	**1.21**	1.16
Scope 1, 2 & 3	**1.48**	**0.56**	1.47	0.50	**0.27**	**2.20**	0.23	2.09	**1.30**	1.23

Methodology

Reporting (and the organisational boundary to which it applies) uses the control approach as defined in the GHG Protocol Corporate Standard (Revised). BEIS-DEFRA 2024 conversion factors are used for UK emissions and Sustainable Energy Authority of Ireland ("SEAI") 2023 conversion factors are used for Ireland. US figures use the 2007 IPCC Fourth Assessment conversion factors (to be consistent with the BEIS-DEFRA 2024 conversion factors which are based on the 2007 IPCC Fourth Assessment figures). Our process for collecting and reporting emissions data has been validated by external consultants as appropriate and sufficient.

Scope 1 emissions: Emissions from combustion of gas are based on kWh consumption. Emissions from combustion of fuel for transport purposes are based on litres of purchased fuel (converted to kWh for the energy consumption calculation above using BEIS-DEFRA 2024 conversion factor ratios).

Scope 2 emissions: Emissions for location-based purchased electricity are based on kWh consumption. Owing to the nature of the events industry, it has not been possible to produce carbon emission figures for remote event sites where event organisers provide electricity supply to temporary cabins, so these emissions are excluded.

For scope 1 and 2 emissions, the primary sources of data are invoices and service reports.

Scope 3 emissions: Currently we only calculate a small proportion of our scope 3 emissions, and those are from business travel in rental cars, permanent and casual employee-owned vehicles where the Company is responsible for purchasing the fuel. Calculations are based on mileage from expense claim data or, where unavailable, maximum estimated mileage for each business given the nature of its operations. As noted above, a key next step for Tracsis is to fully identify its scope 3 footprint and reduce the key emission sources.

Sustainability *continued*

Task Force on Climate-related Financial Disclosures

The following comprises our second Non-Financial and Sustainability Information Statement in response to the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, based on the Task Force on Climate-related Financial Disclosures ("TCFD") framework. The TCFD framework is designed to help our stakeholders understand the impact of climate change on our business and long-term strategy.

This is our second disclosure aligned to the TCFD framework and whilst we maintain the opinion that significant financial planning or budgetary change as a result of climate change is not likely to be required, we have continued to invest and evolve our approach to reducing our impact on the planet and mitigate the adverse impacts of climate change. We remain committed to reducing our emissions and impact on the environment, and this year we have made a significant step forwards with our development of an internal Operational Carbon Reduction Plan, as detailed further in the Environment section of this report on page 38.

Area	Our approach
Governance **Disclosure:** (a) a description of the **governance arrangements** of the Company in relation to assessing and managing climate-related risks and opportunities;	At Tracsis, the Board has overall responsibility for sustainability issues including the oversight of climate-related matters and effective management of climate-related risks and opportunities, in line with the responsibility to monitor any issues which impact the strategy, risk management, and operations of the Group. The roles of the Board (through the Audit & Risk Committee), Group Executives (through the Group Risk Oversight Committee), Divisional management, and the Group governance, risk & compliance Team, in governing the Group's principal risks and opportunities can be found in the Risk Management section of this report. For climate-related matters, this governance framework is supplemented with the executive-level Sustainability Committee which is responsible for the definition and execution of the Group's sustainability strategy including its response to climate change and the risks and opportunities it presents. ISO 14001 certified environmental management system and Group Environmental Manager provide additional controls Group-wide through process and best practice knowledge. External advice is also sought as needed from the ESG specialist consulting firm, Addidat. Pages 51-53 provide more detail on how we govern ESG/sustainability at Tracsis. The Board is responsible for approving the Group's TCFD-aligned disclosures, as well as the wider Group sustainability strategy and that it is effectively responding to the identified climate-related risks and opportunities.
Please also see...	→ Risk Management section on pages 56 and 57 → Governance section of our ESG Report on pages 51-53
Strategy **Disclosure:** (b) a description of: (i) the principal **climate-related risks and opportunities** arising in connection with the operations of the Company, and (ii) the **time periods** by reference to which those risks and opportunities are assessed; c) a description of the **actual and potential impacts** of the principal climate-related risks and opportunities on the business model and strategy of the Company; (d) an analysis of the **resilience** of the business model and strategy of the Company, **taking into consideration of different climate-related scenarios;**	Our view remains that significant financial planning or budgetary change as a result of climate change is not likely to be required given our expectation that digital transformation will continue to be a critical component of achieving a sustainable and less carbon intensive transport infrastructure. Implementing a robust Carbon Reduction Plan will have some cost, including capital investment in decarbonising our vehicle fleet; however, this is considered business as usual with respect to operational and capital costs. Similarly, realising market opportunities will not require significant investment as the current skillset and business model support the new work that could arise. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements as a result. We will continue to develop our analysis as new data becomes available, both internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. We assess climate-related risks and opportunities against the following defined time horizons: • Short: 2024 – 2026; in line with business plan forecasting. • Medium: 2027 – 2030; Encompassing the Group's ambition for carbon neutral Scopes 1 & 2 by 2030. • Long: 2030 – 2050; encompassing longer-term industry and policy, including UK's net zero by 2050. Tracsis has identified and manages four climate-related transition risks and two climate-related opportunities. Following a detailed assessment of the physical climate impact on the business, including use of geospatial risk modelling in FY23, we have not identified any physical climate-related risks to the Tracsis business. For our first TCFD analysis, as disclosed on pages 44-47 of the FY23 Annual Report, we also conducted a resilience analysis of our strategy against three physical climate scenarios and two transition scenarios. As there has been no significant change to the Group strategy or business model since the analysis was undertaken, and no new key climate-related risks have been identified, we did not consider it necessary to repeat the scenario analysis during FY24, in line with the regulatory guidance.
Please also see...	→ Key climate-related risk & opportunities → Strategy scenario analysis, contained within FY23 Annual Report or TCFD on the Company's website

Area	Our approach
Risk management **Disclosure:** (e) a description of how the Company **identifies, assesses, and manages** climate-related risks and opportunities; (f) a description of **how processes for identifying, assessing, and managing climate-related risks are integrated** into the overall risk management process in the Company;	The assessment and management of climate-related risks is integrated into the Group-wide approach to risk management as outlined on pages 56 to 57 and is overseen by the Group Risk Oversight Committee, which maintains a Group-wide risk register which includes the most significant risks from across the entire business. In maintaining this risk register, it considers risks identified at the operational level. The Committee assesses any changes to the Group's risk profile and identifies risks being managed at a Group level. It then develops risk appetites and future mitigation plans. The Committee is chaired by the Chief Executive Officer and includes the Chief Financial Officer, Group People Director, Group Governance, Risk & Compliance Director, and is supported when needed by specialists from across the Group. For climate-related risks and opportunities, Tracsis also conducts a qualitative scenario analysis which feeds into the assessment process. This analysis provides a financial impact assessment of risks and opportunities over various time horizons, using data from reputable, internationally recognised sources. This allows Tracsis to stress-test the Company's strategy over the medium and longer term. The regular assessment ensures Tracsis can proactively adapt to the evolving conditions and latest scientific thinking on climate change. Tracsis conducted this scenario analysis during FY23 and information can be found on pages 42-47 of last year's Annual Report. Unless there is a significant change in the business, Tracsis plans to repeat this scenario analysis in FY26 to reassess the impacts.
Please also see...	→ Risk Management section on pages 56 and 57
Metrics and targets **Disclosure:** (g) a description of the **targets used by the Company to manage** climate-related risks and to realise climate-related opportunities and of performance against those targets; and (h) the **key performance indicators** used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a **description of the calculations** on which those key performance indicators are based.	We recognise that setting measurable targets is essential for driving focus, activity and demonstrating progress. Our ambition is to significantly reduce our emissions and be carbon neutral by 2030 across scope 1 and 2. In parallel, we are committed to continue to invest in and evolve our Net Zero strategy. This year, we have developed our Group Strategic Carbon Reduction Plan, which will be published in spring 2025. A summary is in the Environment section of the ESG Report above, which includes our FY24 Group emissions and methodology, as well as a framework of enhanced, operational, governance and value chain related targets which have now been adopted.
Please also see...	→ Carbon metrics – GHG & targets → Strategic Carbon Reduction Plan on website, once published

Sustainability *continued*

Task Force on Climate-related Financial Disclosures *continued*

Key climate-related risks and opportunities

Transition risks

Risk	Impact description	Response
Reputational risk linked to sustainable performance and reporting Downstream value chain Medium – Long Major – Lost revenue Group-wide, especially RTS Probable External ESG ratings, lost tenders, customer feedback	Our focus is on the transport industry, particularly rail, as decarbonisation becomes a key priority for customers and policymakers. Customers are increasingly requesting sustainability plans, emissions targets, and science-based targets. Additionally, while our operational carbon footprint is low, we have not yet calculated our full scope 3 footprint, which could lead to additional risk.	We remain committed to communicating our sustainability progress to stakeholders; reflected by the development of our Strategic Carbon Reduction Plan. We will continue to monitor trends, widen our scope 3 reporting, and consider science-based targets. By staying ahead of expectations, we aim to turn this risk into an opportunity and become a preferred choice in the market.
Carbon pricing in operations Own operations Medium Significant to Major. Higher costs Group-wide, especially within Data Analytics, Consultancy and Events Frequent Scope 1 & 2 emissions	Carbon pricing on direct emissions is expected to rise significantly, posing a 'Significant' to 'Major' financial risk for Tracsis based on projected carbon prices under IEA scenarios, impacting both UK and North America. (See scenario analysis in our FY23 Annual Report for more information – page 42 onwards).	Through reducing scope 1 and 2 emissions, largely through electrification of the fleet and switching to 100% renewable electricity, we are actively taking steps to mitigate the risk of carbon pricing in our operations. See energy consumption and emissions data above.
Carbon pricing in supply chain Upstream value chain Medium Major. Higher costs Group-wide, especially within Data Analytics, Consultancy & Events Frequent Scope 3 emissions	Carbon pricing is also expected to impact Tracsis' value chain beyond its own operations. As Tracsis improves its scope 3 emissions reporting, it will gain better insight into the financial risks posed by expanding carbon pricing on its indirect emissions. The main upstream scope 3 drivers are likely electricity usage by data centres and purchased goods/services.	Addressing scope 3 emissions is crucial for Tracsis to manage the financial impacts of expanding carbon pricing across its value chain. In FY25 we are undertaking an assessment of our full scope 3 emissions. This will identify the focus areas to expand our carbon reduction activities into the value chain where we hold the highest risk.
Electric vehicle technology innovation Upstream value chain Medium Major. increased cost to the Data Analytics, Consultancy & Events business Probable Scope 1 vehicle emissions	Over 70% of the Group's carbon emissions are generated from the vehicle fleet, which is primarily in the Traffic Data & Events business within the DACE division. Our ability to achieve our ambition to abate our scope 1 emissions by 2030 has a significant dependency on the UK government's policies around transition to electric vehicles and infrastructure development to facilitate the UK's transition to load bearing electric vehicles at scale.	We continue to monitor UK government policy relating to net zero and its initiatives and funding to support the required transition to electric load bearing vehicles. We continue to work with our vehicle partners to support their development of electric vehicles and enable our transition as soon as feasible at a reasonable cost.

Climate-related opportunities

Opportunity	Impact description	Response
Market **Products and services** Own operations Medium – Long Major – Increased revenue Group-wide Probable Revenue from low carbon economy products and services	Tracsis' focus on the transport industry, especially rail, positions it well to capitalise on the transition to a net zero future. Its products and services help optimise rail network performance and enable predictive maintenance, supporting customers' sustainability goals. Opportunities include expanding remote condition monitoring, integrating data sources for optimised decision making, and developing environmental management systems. Tracsis' data analytics and geospatial capabilities also provide insights to help customers adapt to climate-related risks.	While the pace of adoption may vary, these identified opportunities align with Tracsis' strategy and require maintaining close customer relationships to deliver solutions that meet their evolving sustainability needs. The revenue from low carbon economy products and services remains constant year on year.
Operational **Resource efficiency and energy source** Own operations Short – Medium Major – Reduced costs & exposure to carbon tax, Group-wide Frequent Scope 1 & 2 emissions; percentage of renewable energy	Increasing energy efficiency across Tracsis' sites will reduce energy costs and mitigate the impact of future carbon pricing by reducing emissions. The biggest emissions reduction opportunity is transitioning over 70% of emissions from the vehicle fleet to electric vehicles ("EVs"). Currently, only 16% of the 101 owned and leased vehicle fleet* is electric, so there is significant potential for electrification. * As at September 2024.	We are committed to achieving full fleet electrification by 2030, however this will require advancements in EV technology and adapting Tracsis' operating model. Integrating the Traffic Data & Events transport planning and management businesses will also help enable this transition. We continue to invest in solar panels and transition to renewable sources from providers.

Key

Area
Own operations, or area of value chain where risk or opportunity manifests

Timeframe
Short (now–2026)
Medium (2027–2030)
Long (2030–2050)

Impact
Management's assessment of reputational and financial risk on an annualised basis.

Critical | >£2.5m EBITDA
Major | £1–2.5m EBITDA
Significant | <£1m EBITDA

Likelihood
Based on the potential for a risk to manifest within a set period.

Frequent
within one year / > once per annum

Probable
within one to five years / > once in five years, < once a year

Remote
not more than one in five years / >five years away

Metrics
To monitor

Social

Ensuring that Tracsis has a positive impact on the people who work for us, and across society at large, including in the communities where we and our customers operate, is fundamental to our ambition to deliver sustainable growth and long-term stakeholder value. Our strategy remains focused on four key areas:

- Health and safety
- Employee engagement
- Training, development and opportunities
- Community engagement

Health and safety

Ensuring our people are safe and protected from harm in the workplace is a key priority and the Board is committed to driving a strong safety culture throughout the Group and has set a target for zero lost time injuries by 2030. During the financial year ended 31 July 2024 our Traffic Data & Events business maintained a low lost time injury frequency rate of 5.5; there were two RIDDOR reportable incidents (FY23: 2), no fatalities (FY23: 0).

The Executive Management Team and Board takes a leading role in ensuring health and safety is a priority for employees across the Group and that a culture of continuous improvement is implemented by way of the following framework:

Element	Function/responsibilities
Executive Management Team	• Sets strategy and targets • Ensures accountability
Group Governance Risk & Compliance Director	• Oversight of the health and safety function • Adviser to the Executive Management team • Leading safety training
Divisional level Managing Directors	• Some hold statutory responsibilities for specific legal entities • Line management of health and safety managers • Allocation of health and safety resource • Implementation of policy, process and procedures • Responsible for health and safety outcomes
Health and safety managers	• The Group retains two dedicated, experienced and qualified health and safety managers • Responsible for delivering the day-to-day health and safety function at the operational level, i.e. policy, process, procedures and reporting
Health and safety trained colleagues	• In addition to their primary role, a number of managers are “Managing Safety” trained, and hold a defined role in supporting the formal health and safety function

In addition to the above, the Board receives a summary of health and safety incidents and remedial actions, which are reported to each Board meeting. The senior Group Health & Safety Manager generates a detailed monthly health and safety report capturing all health and safety incidents (including near misses) that have occurred in the previous month. This report is subsequently reviewed by the Executive Management team, Governance, Risk & Compliance Director and relevant Managing Directors. The review is aimed at understanding what happened, allocating resources, deciding on mitigation actions, informing trend analysis, holding business units and the health and safety function to account, and ensuring the prevention and continuous improvement principles are applied.

See the Risk Management report on page 60 for more details in how we mitigate health and safety risks across the Group.

Employee engagement

Communication

The Group is focused on offering a compelling proposition to current and future employees, in order to retain and attract the best talent. A key component of this is regular and meaningful engagement between leadership and employees from all parts of the Group. Communication occurs on both a formal and an ad hoc basis throughout the year. The CEO and CFO provide regular updates to senior leaders throughout the business to keep them informed of what is happening across the wider Group. They also make regular visits to offices providing opportunities for all staff to engage directly and to ask questions in a more informal setting. The Board continues to rotate the location of its meetings around Tracsis operating locations, which provides an opportunity to engage with employees in their workplaces, formally through presentations as well as informally, usually over lunch. This type of engagement activity enables Board members to grasp a better understanding of the challenges faced by our employees, and the opportunities open to them.

In a more formal capacity, throughout the year Group HR has run a number of listening groups in several office locations, encouraging an honest and open dialogue with colleagues. Communication continues to be an area of focus, with planned townhalls to communicate future plans. We ran our second Group-wide employee engagement survey in November 2023, and achieved a rise in engagement, with a 66% completion rate (vs 60% in FY23).

The Group's retention rate has remained high again this year, at 89%, which is 4% higher than the industry average for our sector.

1 Tracsis Traffic Data and Events business. Measured as number of long term injuries (classified as a workplace injury resulting in one or more days absent from work x 1,000,000/ number of hours worked).

5.5

Lost time injury frequency rate[1]

66%

completion rate of employee engagement survey

89%

retention rate

Sustainability *continued*

Social *continued*

Training, development and opportunities

Training and development

We have made significant investment in our people operating model this year. We implemented a Group-wide HR platform that helps to optimise both recruitment and the ongoing performance management of our teams.

We have successfully rolled out an employee learning and development platform across the Group in support of developing an 'always learning' culture. Since roll-out we have seen some 981 hours (130 days) of employee learning time banked on subjects ranging from effective management to software development such as python bootcamps. All colleagues are encouraged to invest on their careers and development and as the learning platform becomes further embedded and our learning culture matures, we expect employee learning rates to increase.

To help support the creation of high-performance teams at middle and senior management level, we have invested in Insights Discovery training and qualification for several colleagues, enabling them to subsequently offer internal training. Insights is a psychometric tool designed to help colleagues understand themselves and others and make the most of the relationships that affect them in the workplace. As the new Divisional structures take form, we are already starting to see the benefits of more effective and better performing management teams, in the way those teams are collaborating to interpret intent and deliver strategic objectives, especially in our UK Rail business.

Internal mobility

We have started to focus on internal mobility opportunities for existing employees. We have launched an internal vacancy intranet page, accessed through our applicant tracking system which means all colleagues have access to positions advertised within the Group. In addition, the Group HR team works closely with managers to understand where the business can be flexible and also seeking out opportunities for internal secondments. These actions have increased accessibility to opportunities, resulting in a 75% year-on-year increase in internal moves across the Group.

Fair treatment for all

We remain committed to creating an inclusive and open culture for all, and to this end we have undertaken several initiatives this year which demonstrate this ongoing commitment, as follows:

- **Circle Back initiative:** Tracsis has been endorsed by the Circle Back Initiative. This globally recognised programme drives commitment to providing feedback to all candidates who apply for roles at Tracsis. Ensuring everyone is acknowledged and updated on their progress is essential as we adhere to our "honest" value.
- **Work 180:** Thanks to a range of benefits, including flexible and remote working options, Tracsis has also qualified as a Work180-endorsed employer, underscoring our commitment to supporting women in their careers.
- **Removing gender bias:** Throughout the year, our recruitment team has acted to ensure a fair gender balance in the recruitment process. By incorporating gender diversity throughout the screening and interviewing process, we are reducing bias, fostering inclusivity and promoting fairer decision making through diverse perspectives.

- **Blind recruitment:** We have also introduced a pilot program for blind recruitment as part of our ongoing efforts to challenge both conscious and unconscious bias in the hiring process. By removing identifiable information, we aim to ensure candidates are qualified solely on their skills, qualifications or behaviours. We are planning to roll out blind recruitment fully across all early-career recruitment, reinforcing our commitment to creating a more equitable and unbiased selection process.
- **Diversity, Inclusion and Equity training:** We have run a series of remote lunch and learn workshops open to all employees, to educate our teams on key diversity, inclusion and equity topics and the individual's role in ensuring an equitable culture. Sessions were very well attended and will continue through FY25. Topics covered in the last reporting period, included neurodiversity, menopause awareness and LGBT+ awareness.

Our neurodiversity lunch and learn presentation was followed by a neurodiversity workbook and manager's toolkit being issued. The toolkit was designed to provide managers with valuable insights, practical strategies and resources to promote inclusivity and to enable the provision of support for colleagues with neurodiverse conditions in the workplace.

981

hours of employee learning time

Community engagement

Our community engagement continued this year with several initiatives where our employees and leadership have engaged with the local communities in which we work.

Skills and opportunities

Tracsis served as the headline sponsor for Manchester's largest careers fair, the Manchester Digital Festival, attracting over 3,000 attendees, primarily students and early-career professionals. Our Talent team was on-site to offer career advice, one-on-one CV writing workshops, and interview tips to help the younger generation secure employment. This also enabled us to begin building talent pools and networks for potential early-career programmes in the future. Additionally, we extended our support to experienced job seekers who are currently out of work, conducting virtual workshops to help them improve their LinkedIn presence and navigate their way back into employment.

Volunteering

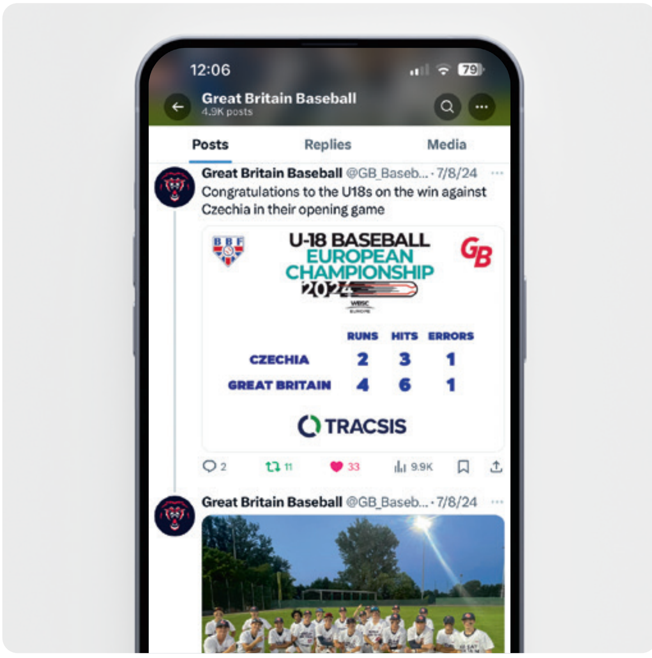
Volunteering is an important aspect of our community engagement programme, and where possible we seek to contribute to science, technology, engineering, and mathematics ("STEM") related activities. The number of employees engaged in volunteering initiatives was up year on year by 350%[1] and in June 2024 Chris Barnes our CEO, volunteered to support the Greenwood Greenpower event.

- The Greenpower Education Trust is a UK-based charity that works to kick start careers in engineering. It helps unlock potential and spark enthusiasm for STEM through the excitement of motorsport. They inspire 10,000 participants a year to excel in STEM.
- The Greenpower challenge is to design and build an electric car. A Formula Goblin kit car (designed for 9-11 year olds) takes around 15 hours to build and can be dismantled and rebuilt each year with a new team of children who can compete at Greenpower race days. The school children design the bodywork on the karts round a particular environmental theme and produce a project portfolio on the work completed.
- Tracsis provided sponsorship funding to support Newick Primary School which is based in East Sussex which entered two electric cars into the 9–11-year-old Formula Goblin racing series. The school ran a bi-weekly after school Engineering Club for 12 children over several months and Tracsis joined several of these sessions as a volunteer to help them prepare for the event.
- The activities culminated in a full day of racing at the historic Goodwood Motor Racing circuit where over 100 electric cars from schools across the UK took place in a series of events including drag and slalom races, a pitstop challenge and the 'lap of champions'.

1 4 colleagues in FY22/3 to 18 colleagues in FY23/24.

Sustainability *continued*

> It was fantastic to see how much the children enjoyed taking part in such an opportunity and how much it inspired their interest in engineering and technology."
>
> **Chris Barnes**
> Chief Executive Officer



Tracsis Sponsorship of Great Britain U18s Baseball

Tracsis sponsored the GB U18s Baseball team who reached the semi-final of the World Baseball Softball Confederation ("WBSC") European Championship in July 2024. The GB team finished 4th, the highest ever placing for GB at the European Championships, and the games were streamed globally with extensive social media coverage.

This year, some of the Tracsis US team participated in the J P Morgan 5K Corporate Running Challenge.

Governance of ESG

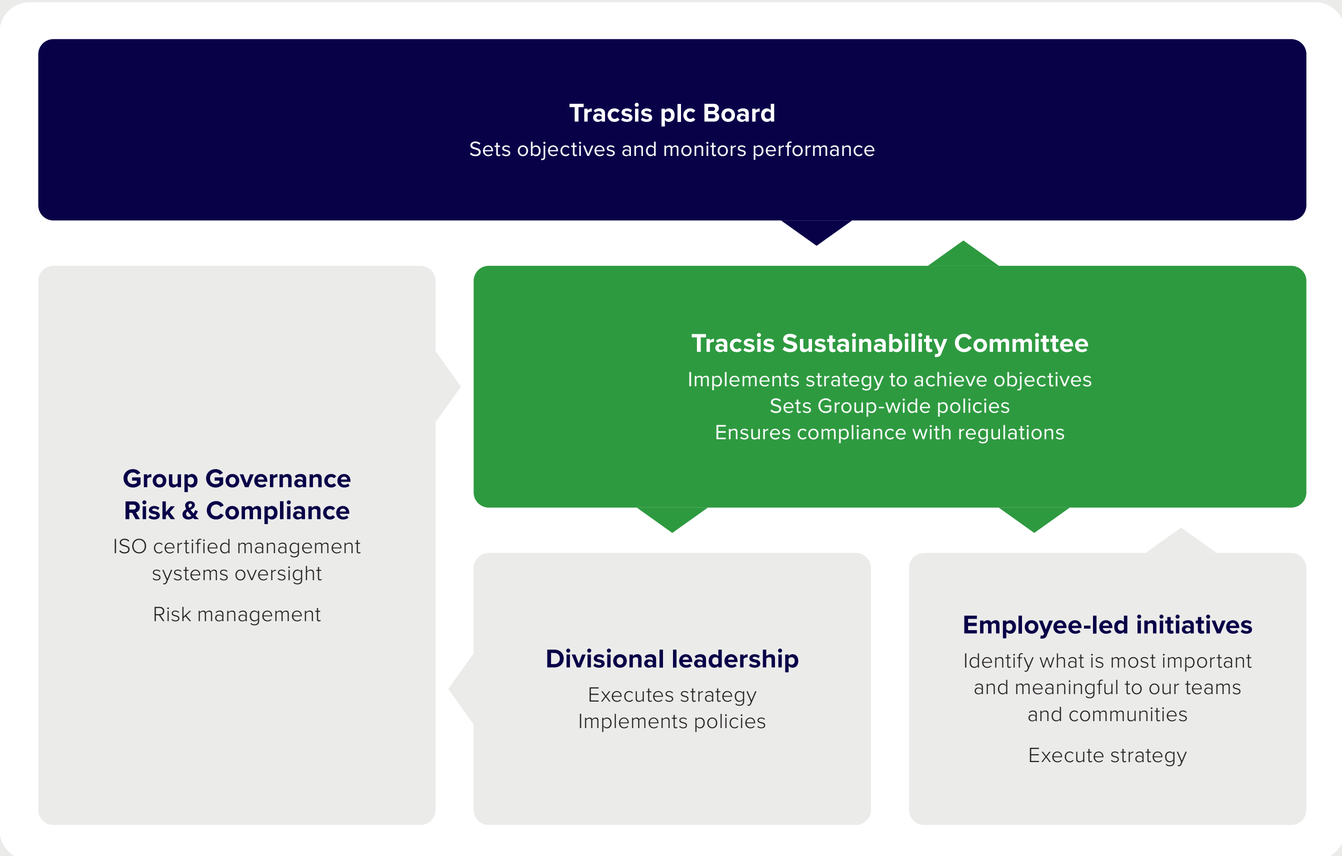
Overview

The Board continues to maintain high standards of corporate governance in Tracsis, to ensure the Group remains compliant and in line with best practice; supported by high quality management controls and a robust risk management framework.

In addition to the sustainability and ESG-related disclosures below, please also see our Corporate Governance Report on pages 66 and 67, and our Principal Risks and Uncertainties on pages 56 to 61.

How we manage sustainability

We recognise the increasing importance of sustainability to our stakeholders. The Tracsis Board provides oversight and has overall responsibility for the Group's sustainability performance. It sets the ESG targets for the Group and monitors progress on delivering these. In addition, as detailed in the Directors' Remuneration Report on pages 68-77, 33% of the Group Chief Executive's business objectives relate to ESG and we have taken steps to further strengthen our ESG governance for FY25, with James Routh, Non-Executive Director having Board-level responsibility for driving our ESG agenda and overseeing the Group's overarching approach to managing ESG risks and opportunities.



The Group's Sustainability Committee is responsible for implementing the ESG strategy to deliver our targets. Its remit also includes developing ESG policies, providing oversight of ESG initiatives, and ensuring compliance with relevant legal and regulatory matters. The Sustainability Committee is chaired by the Group Chief Executive Officer and comprises senior colleagues from other areas of the business.

The Committee works with business unit leaders to implement the Group's sustainability strategy. These activities range from Group-wide implementation of policies, for examples in line with our numerous ISO certifications, to initiatives delivered at a site level or by individual employees. More complex workstreams that require cross-Divisional co-ordination are overseen by the Group Governance, Risk & Compliance Director, who also oversees the risk assurance team responsible for the measurement of performance and KPIs.

The Sustainability Committee is being reconstituted as Board level Environmental, Social and Governance Committee and we will report on its activities in the next Annual Report.

Governance of ESG *continued*

Embedding defined standards

The Group's governance, risk and compliance ("GRC") function plays a pivotal role in ensuring appropriate standards are defined, monitored, met and continually improved. The GRC team is made up of the following:

Group Governance, Risk & Compliance Director

- Works with the Company Secretary on Governance related issues
- Sits on the Group Risk Oversight Committee ("GROC")
- Divisional-level risk management
- Compliance programmes and ISO Management Systems
- Business continuity and crisis response functions in support of organisational integrity and resilience

Group Head of Quality and Privacy

- ISO 9001
- Maintaining high product and service quality standards, data protection, and compliance with relevant regulations and industry good practices

Group Environmental Manager

- ISO 14001
- Develops and implements environmental policies, monitors compliance, and drives environmental sustainability initiatives across the Group
- Carbon reporting

Group Information Security Manager

- ISO 27001
- Managing the confidentiality, availability and integrity of business tech assets and data

Group Health & Safety Manager

- Health and safety oversight and routine reporting to the Executive Management team

Our management of standards includes the development and implementation of several key management systems implemented across the organisation to an ISO certification level. These management systems demonstrate our commitment to create a highly effective, collaborative working environment within which we can deliver consistently to defined standards. They also demonstrate our commitment to continually invest in and evolve the Group operating model to remain in line with good practice, reduce risk and continually improve customer satisfaction and operational efficiency.

Below are the Group's ISO management systems, which have been externally certified by a UKAS registered certification body:

Tracsis ISO certified management systems

Type	Certification scope	Objective	Certification body UKAS
ISO 9001 **QUALITY** management systems –requirements	**Embedded and certified:** • Remote event and condition monitoring • Data collection **Emerging:** • Rail software and services for the planning and management of mass transit systems	Consistently deliver products and services that meet customers' needs and regulatory requirements	**ISO 9001** certificate no. 12654-QMA-001 **ISO 14001** certificate no. 12655-EMS-001
ISO 14001 **ENVIRONMENTAL** management systems – requirements with guidance for use	Pan-Group certification covering the UK, US and EU (Ireland) regulatory environments	Minimise and reduce environmental impact, including waste, emissions, and resource consumption	**ISO 27001** certificate no. 11752-ISMS-001 (UK) **ISO 27001** certificate no. 11752-ISMS-010 (US)
ISO 27001 **INFORMATION SECURITY, CYBER SECURITY AND PRIVACY PROTECTION** information security management systems – requirements	Certification covering the UK and US Rail business units, and the EU (Ireland) Data Analytics business Events and Traffic Data division adopt best practice but are not externally certified	Effective risk-based management of the confidentiality, availability and integrity of business technical assets and data	LRQA **ISO 9001: 2015** 00003740 (002, 003 & 004)

Looking ahead, over the next 12 to 18 months it is our intent to seek certification of the Group's internal and external facing, service desk and service management functions, to the ISO/IEC 20000-1:2018 Information technology — service management.

Audit & Risk Committee

Letter from the Chair of the Audit & Risk Committee

Ross Paterson
Chair of the Audit & Risk Committee

Committee members

	Meetings attended
Ross Paterson — Chair	●● attended, ●● attendance not required
Tracy Sheedy	●●●● attended
James Routh	●●●● attended
Liz Richards	●●● attended, ● attendance not required

● Attended ○ Not attended ● Attendance not required

→ For more details about our board members, read pages 64 and 65

Dear Stakeholder

It is my pleasure to make my report as Chair of the Audit & Risk Committee. This report is intended to give an account of the Committee and its activity over the year, but I would first like to pay tribute to my predecessor, Liz Richards, who stepped down as a Non-Executive Director and Chair of the Audit & Risk Committee on 30 June 2024. Much of what was achieved by the Committee during the year was done so under her stewardship and I know the Board and Committee are grateful for her hard work and dedication over the years.

During the year, the Committee comprised me as Chair (from 2 April 2024 as member and 30 June 2024 as Chair), Liz Richards (as Chair until 30 June 2024), Tracy Sheedy and James Routh. Jill Easterbrook (Tracsis plc Chair), Chris Barnes (CEO), Andrew Kelly (CFO) and Grant Thornton UK LLP routinely attend; however, this is by invitation. The Committee met four times during the year.

Tracsis is a complex business, with different operating divisions each serving distinct markets in different geographies. It is important, therefore, that we as the Audit & Risk Committee maintain oversight over the control environment, as well as discharging the responsibilities placed upon us by the QCA Code, particularly in relation to risk management.

Our central finance function in Leeds, headed by our CFO, Andrew Kelly, provides the Committee with high quality management information, assessments of risk and the wider controls environment which enables us to discharge the substantial delegations that the Board affords the Committee.

During FY24, the Committee has undertaken the following activities:

- a detailed review of the audit findings from the 2022/23 audit of the financial statements, including establishing an action plan on improvements for the future;
- monitoring the deployment of a new financial consolidation system, which provides significant benefits for the business in terms of management oversight, reduction of risk and more efficient collation and provision of information;
- six-monthly review of risk, including mitigations and controls resulting in discussions aligned to the appropriate deployment of resource in addressing control or mitigation weaknesses;
- assessment of going concern and primary areas of judgement (for example impairment) considered by the Committee in relation to the preparation of its interim and final results; and
- in accordance with good practice, meeting the auditor without members of management present.

The Audit & Risk Committee has also been supported by the Group Risk Oversight Committee during the year, which comprises senior leaders from our businesses. This management-led approach has worked well in ensuring that the Committee's discussions are informed by the views of our business leaders and that we have a mechanism to enable us to identify and respond to emerging risks and opportunities.

Following Grant Thornton's audit of the Group's financial statements in relation to the year ended 31 July 2023, the Committee met with Grant Thornton's lead partner to assess improvements that should be implemented for this year's audit. I am pleased that significant progress has been made against the recommendations made in the previous audit, though some residual matters still remain.

The FY24 audit is the fifth audit that Grant Thornton has conducted and the Committee remains satisfied with its level of independence, objectivity, professional judgement and the oversight it gives to our financial statements. During the year, Grant Thornton undertook a small amount of non-audit services on behalf of the Company, relating to agreed upon procedures for the half-yearly financial report, which was approved by the Audit & Risk Committee.

The following pages explain in detail the risk management model that the business has adopted, as well as its assessment of the principal risks facing the business, and what steps the Company is taking to mitigate them in so far as it is able.

Looking ahead into 2024/25, the Committee will be undertaking, in addition to its more routine activities, a detailed analysis of the risk management model, ensuring that the Committee is receiving appropriate assurances on the controls, as well considering how we ensure that risk management is firmly embedded within our business.

Having joined Tracsis in April 2024, I have been impressed with the professionalism and dedication of our management and employees, as well as their level of knowledge and desire for continuous improvement. I look forward to working with them in the future.

Ross Paterson
Chair, Audit & Risk Committee
19 November 2024

During the year Audit & Risk Committee focused on ensuring that the control environment remained robust and that the Company's risk management process continued to thoroughly assess the most significant risks facing the business."

Ross Paterson
Chair, Audit & Risk Committee

Risk management

An effective framework to capture and evaluate risk

The Group has a strategy to deliver sustainable value through organic growth, acquisition and expanding our addressable markets. To protect and create value, we recognise that we will take on certain business risks.

We have an established framework to ensure that the level of risk after mitigating actions is aligned with the potential business rewards. Management regularly reviews risk exposure and mitigating actions.

This section outlines the principal risks facing the Group and its approach to proactively managing these.

Our risk management framework

When reviewing business risks, we consider the effects they could have on our business model, our culture, and our long-term strategic objectives. We consider both short- and longer-term risks.

The operation and governance of our risk management framework is managed by the Group Risk and Compliance Team, reporting into the Chief Financial Officer. Risks are identified and evaluated at both Group and Business Unit level. Management teams and functional or other subject matter experts assess and prioritise these risks, and identify and implement appropriate mitigating actions.

1. Identification

Business unit and Group management teams identify risks using both a bottom-up and top-down approach. These are recorded in risk registers.

We also conduct ad hoc reviews of new and emerging risks throughout the year.

2. Assessment

We assess risks using a Group-wide scoring mechanism that considers both the likelihood of occurrence and the potential impact.

Risks are prioritised by their risk score and an assessment of our risk appetite is made in relation to each risk.

3. Response

Risks that require a response have mitigation actions agreed. We assign responsibility for the implementation of mitigating action plans in accordance with agreed timelines.

4. Monitoring and Review

The Board, supported by the Group Risk Oversight Committee, is ultimately responsible for the Group's risk management framework, ensuring that its processes are integrated into our governance structure. The Audit & Risk Committee supports the Board by considering and agreeing the principal risks and evaluating the effectiveness of the Group's internal financial controls and risk management systems.

Our risk management framework has been adapted to reflect the reorganisation of the Group based around common operating models. A summary of how this framework will operate is provided below.

Risk assessments are undertaken by business unit management teams, who consider the likelihood and impact of these risks on their business model. This is done on both a top-down and bottom-up basis. Business unit management teams are responsible for identifying and implementing mitigating actions to ensure risks are managed appropriately.

The Group Risk Oversight Committee maintains a Group-wide risk register which includes the most significant risks from across the entire business. In maintaining this risk register, it considers risks identified at the operational level. The Committee assesses any changes to the Group's risk profile and identifies risks being managed at a Group level. It then develops risk appetites and future mitigation plans. The Committee is chaired by the Chief Executive Officer and includes the Chief Financial Officer and the Group People Director, with other senior leaders attending by invitation.

The Board is ultimately responsible for the Group's risk management framework, ensuring that risk management processes are integrated into the Group's overall governance structure. The Audit & Risk Committee supports the Board by periodically considering and agreeing the principal risks, and evaluating the effectiveness of the Group's internal financial controls and risk management systems.

To support our strategic priorities, we have several business objectives which influence the way in which we proactively manage risks.

These include being an innovator and investing in research and development; improving our processes that support resource and talent development; maintaining close relationships with our customers; and identifying acquisition opportunities.

During the year we have delivered a series of actions to simplify the Group's organisational structure and establish a consistent Group-wide approach to how we develop and deliver application software based on industry best practice.

Changes since prior year

Description and scope

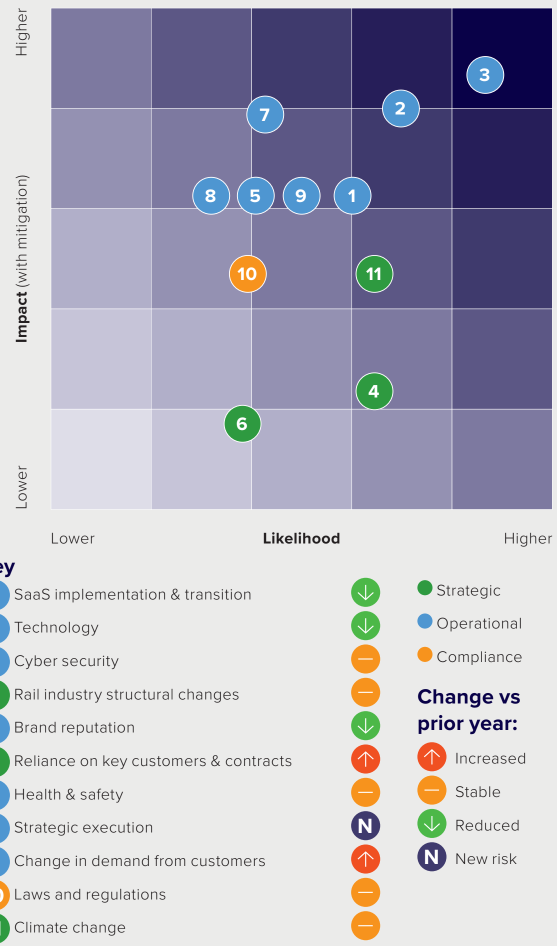
- **The "SaaS implementation and transition" risk** has been extended to include not just the delivery of large, complex software implementations, but also the transition of the Rail Technology & Services Division towards a global operating model that underpins product development and delivery across all markets.
- **The "Reliance on key customers and contracts" risk** has been extended to include not just risk associated with customer concentration, but also recognising that the speed of growth for the Rail Technology & Services Division is largely determined by procurement and delivery timelines for large contracts that may be with new as well as existing customers. These timelines are often determined by the customer and may be linked to other operational, commercial or regulatory drivers over which Tracsis has little influence.
- **The "People" risk** has been included as one of many elements within the new "**Strategic Execution**" risk. This broader risk category relates to the execution risk of delivering the Group's ambitious growth strategy, the details of which are set out on pages 24 and 25. Delivering this strategy will require the Group to successfully execute a number of key activities that are not specifically captured within the other principal risks, including: the recruitment, development and retention of key skills; entering new markets or geographies; enhanced integration and collaboration across the Group; the continual improvement of our systems and processes; and M&A execution and integration.
- **The "Downturn or instability in major markets risk"** has been renamed **"Change in demand from customers".** This more accurately reflects the risk source, namely a material change in the level of demand across our customer base. Customer activity levels in both divisions can be impacted in both the short and longer term by factors outside of the Group's control. This can be both a risk and an opportunity for the Group.

Principal risk likelihood and impact

- **Change in demand from customers.** The likelihood of this risk materialising has been judged to have increased relative to the prior year recognising the increased risk of near-term headwinds related to the changes in government in both the UK and US as well as the recent transition into a new Network Rail funding control period. See principal risk 9 below.
- **SaaS implementation and transition.** The likelihood of this risk materialising has been judged to have decreased relative to the prior year as a result of the IT transformation activities undertaken in the year including investment in significantly expanding our technical capabilities. See principal risk 1 below.

Principal risks

The Group's principal risks are outlined below, alongside a summary of the mitigation measures in place and the strategic objectives that are most impacted by each risk. The Board's assessment of the relative likelihood of each risk and the mitigated impact on the Group's ability to achieve its longer-term strategic and financial objectives, is shown below.



- **Technology.** The likelihood of this risk materialising has been judged to have decreased relative to the prior year as a result of the IT transformation activities undertaken in the year including investment in significantly expanding our technical capabilities. See principal risk 2 below.
- **Reliance on key customers & contracts.** The likelihood of this risk materialising has been judged to have increased relative to the prior year in recognition of the increased size of key opportunities in the Group's rail technology pipeline opportunities, particularly in North America. This increase in risk reflects the risk of procurement delays impacting growth within a reporting period. We do not believe that the risk to the Group's growth ambition over the longer term has changed. See principal risk 6 below.
- **Brand reputation.** This has been judged to have decreased relative to the prior year following the progress the Group has made in delivering its transformation activities during FY24, including investing in significantly enhancing our commercial, delivery and technical capabilities. See principal risk 5 below.

Principal risks

Key Increased Stable Reduced N New risk

1 SaaS implementation & transition

The Group has several significant contracts with major train operating companies and infrastructure providers which contain a number of deadlines for implementation, in accordance with contractual requirements and timeframes. The scale and complexity of these projects require careful management to ensure delivery. The Group's strategic ambition is for new multi-year contracts in this division to be increasingly delivered on a SaaS basis. Realising the full benefit from this will require the Group to transition over time to a truly global operating and delivery model that will support existing and future geographic markets.

Strategic priorities

1. Drive organic growth

Change in the year

Decrease in likelihood

Mitigation – There is a risk that the Group fails to achieve one or more of the requirements in its contracts with customers. That could result in the Group incurring financial penalties, and adversely impact the Group's reputation and its success in winning new business.

We closely manage our relationships with customers, ensuring we understand our contractual obligations and have processes in place to reduce the risk of failing to meet those obligations.

We are establishing a fully consistent Group-wide approach to how we develop and deliver enterprise software solutions based on industry best practice. The Group continues to deploy an extensive delivery team and works with clients to establish a programme and project plan to ensure that deliverables can be achieved. Project management activities are delivered at a business unit level with best practice being shared across the Group and co-ordinated from the Group centre as appropriate.

Completing the transition to a SaaS-focused model in Rail Technology & Services will require investment in the 'next generation' of products, in order to deliver revenue growth with lower direct costs, increase the speed of deployment and therefore time to revenue, and accelerate the time to benefits for the customer.

The IT transformation activities completed during FY24 provide the foundation for improved project delivery and future product investment. We have appointed a Rail Technology Chief Technology Officer who will oversee all aspects of product development and architecture, and we have invested in enhancing our project management and delivery capabilities, led by a newly recruited experienced Head of Project Delivery. On this basis we have assessed this risk to be more effectively mitigated versus prior year, and hence the likelihood has decreased.

2 Technology

There is a risk that existing competitors or new market entrants could develop rival technology that competes in our markets. This could adversely affect the Group's success in winning new business, and could result in the Group losing existing customer contracts.

The Group delivers a number of software products, including large enterprise applications, that support business critical activities for our customers. The provision of these products to enable our customers to run their operations without disruption requires continual development, maintenance and monitoring. The Group needs to ensure that new product development is aligned with changes in the market, that new products are delivered on time and to budget, and that new products are architected and delivered in line with industry best practice.

Strategic priorities

1. Drive organic growth
2. Expand addressable markets
4. Operating as OneTracsis

Change in the year

Decrease in likelihood

Mitigation – The Group provides a range of Rail Technology software products that are well differentiated and offer compelling value propositions for our customers. We maintain close relationships with current and potential customers to help us understand their changing technology requirements and likely future product expectations. Competitor activity, including technology development, is monitored at both business unit and Group level.

The Group will continue to invest in new product development as part of its growth strategy, to maintain this differentiated position as well as to open up new markets. All material new product investment is supported by detailed plans which are subject to review and approval at Board level to ensure that they deliver an appropriate long-term return on this investment.

Our Group-wide IT transformation programme will result in a common IT operating model that will underpin how we design, develop and support both current and future technology solutions. This will ensure a consistent approach to product development, architecture and maintenance in accordance with industry defined standards and best practices.

As part of this we have made targeted investment in enhancing technology capabilities in the Rail Technology and Services division. This includes the appointment of a Rail Technology CTO who will oversee all aspects of product development and architecture, with support from other newly recruited senior technology experts including a Head of Platforms, Head of QA & Test, and a Head of Software Development.

On this basis, we have assessed this risk to be more effectively mitigated versus prior year, and hence the likelihood has decreased.

In addition, the Group is creating a single Group-wide IT support service to ensure a consistent, best practice approach to how we maintain products in the live environment and improve how we deliver our contractual obligations and ensure an improved customer experience. When completed, this will enable all software licences and applications to be supported by a single integrated team.

Key Increased Stable Reduced N New risk

3 Cyber security

A malicious cyber-attack or security breach on the Group's IT systems could disrupt business continuity or impact contracted delivery requirements. This could result in the Group incurring financial penalties, and adversely affect the Group's reputation and its success in winning new business.
A malicious cyber-attack or security breach on the Group's IT systems could disrupt business continuity or impact contracted delivery requirements.
The National Cyber Security Centre ("NCSC") and insurance underwriters point toward a sophisticated and evolving threat environment. As a software provider to the national infrastructure environment, Tracsis is registered with the Information Commissioner's Office ("ICO") as a Registered Digital Services Provider ("RDSP") under Network and Information Systems ("NIS") regulations. We believe any business operating in the national infrastructure environment, or as a supplier to that environment, holds an elevated risk profile to the type of state-sponsored threats vectors set out by the NCSC.

Strategic priorities

1. Drive organic growth
4. Operating as OneTracsis

Change in the year

No change

Mitigation – We have made significant investment in the last two years in enhancing our cyber security resilience. We believe this is a long-term competitive advantage for Tracsis as a software supplier in the national infrastructure environment.

All of our Rail Technology & Services businesses have ISO 27001 certification. The Group's outsourced IT services provider manages some elements of operational risk within the framework required by ISO 27001. The Group engages third party experts to review its resilience to cyber security breaches and implements any recommendations that arise from these reviews. The Rail Technology Chief Technology Officer has overall responsibility for cyber security. In addition, the Risk and Compliance Director also fulfils a defined information security role. Business continuity plans are in place, are tested and are continually maturing. Tracsis has now registered with the ICO as a RDSP in line with UK NIS regulations, resulting in further enhancements to our cyber security policies, processes and procedures.

We have partitioned our IT architecture to separate the information security configuration of our client facing product technology from our internal business-facing infrastructure. This approach builds in a baseline level of resilience that will help the Group better respond to, and recover from, a cyber incident.

We remain vigilant in this area and see the continued maintenance of a robust cyber security posture as a key success factor for the Group. We have made significant progress, however given the constantly evolving nature of external cyber security threats we continue to assess this risk as elevated both in terms of likelihood and impact.

4 Rail industry structural changes

The Group derives a significant proportion of its revenue from UK and North American rail industries. Material changes in structural landscape, for example regulatory or political, have the potential to impact the Group's financial performance. This can be an opportunity as well as a risk. The Group's growth strategy includes expanding addressable markets, which could include new geographies.

Strategic priorities

1. Drive organic growth

Change in the year

No change

Mitigation – The Group's rail technology products and services have a clear value proposition and return on investment, and in many cases are critical to our customers' operations. All of our solutions are fully compliant with the current regulatory environments, and we monitor this on an ongoing basis.

The new UK government is in the process of confirming its plans for the future of UK rail. To date it has outlined a strategic ambition including 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. Tracsis' products and services are well aligned with these objectives and are underwritten by umbrella agreements that ensure continuity in the event of a change of ownership, including the re-nationalisation of a train operating company.

The Group expects to progressively diversify our Rail Technology & Services revenue exposure to the UK rail industry, including further growth in North America. A change of government in the US is not expected to impact our growth opportunity in North America.

5 Brand reputation

Any adverse publicity concerning the Group, may have an impact on future trading prospects if the Group's brand is adversely affected.

Strategic priorities

1. Drive organic growth
3. Enhance growth through acquisition
4. Operating as OneTracsis

Change in the year

Decrease in likelihood

Mitigation – There is a broad range of preventative measures in place across the Group that contribute to reducing this risk, including: implementation of a common IT operating model to improve the quality and timeliness of product delivery information and to enhance our cyber security resilience; our environmental, social and governance ("ESG") policies, principles and ethos; structured risk management processes; internal reporting mechanisms supported by investment in new processes and systems including a new finance system delivered during FY24; embedded health and safety policy, people policies and maturing organisational culture; privacy programme to protect personal data; and an internal compliance function.

We assess the likelihood of this risk to have decreased versus prior year following the progress the Group has made in delivering its transformation activities during FY24, including investing in significantly enhancing our commercial, delivery and technical capabilities.

Principal risks *continued*

Key Increased Stable Reduced N New risk

6 Reliance on key customers and contracts

The Group has a large number of customers and a growing level of annual recurring and routinely repeating revenue. Transactions with the Group's largest customer represented 8% of total Group revenue in the year ended 31 July 2024. The Group's growth opportunity is delivered from new contracts, some of which are large in value. There can be no guarantee as to the timing or quantum of any potential future orders from customers. Delivery timelines and therefore revenue recognition are often determined in partnership with our customers based on their operational requirements. There is therefore some exposure for the Group's rate of growth to customer funding cycles, procurement processes, and operational requirements. This could result in some volatility in the rate of growth versus historical trend or future expectations, particularly within reporting periods.

Across the Group, there are a number of key customers which contribute to large amounts of revenue. Pricing pressure from these customers could result in lower margins.

There is also a risk that the Group's revenue performance and rate of growth could be impacted by competitor actions. These could adversely affect the Group's success in winning new business, and could result in the Group losing existing customer contracts.

Strategic priorities

1. Drive organic growth

Change in the year

Increase in likelihood

Mitigation – The Group manages the risk associated with customer procurement cycles by maintaining close relationships with its customers. The Group has invested in enhancing its commercial teams in both the UK and North American markets during FY24, in order to ensure it stays close to its customers and understands how Tracsis can best deliver value for their operations. This investment has also delivered significant growth in the pipeline of rail technology software opportunities, which also helps to mitigate against the risk of individual opportunities being delayed.

As the Group grows both organically and by acquisition, the exposure to and reliance on any one customer will reduce relative to total Group revenue. The Group has high levels of recurring and routinely repeating revenue in both divisions and has a strategic focus to increase this as it grows. In addition, a key component of the Group growth strategy, as outlined on pages 24 and 25, is to expand addressable markets which would also introduce further customer diversification.

Pricing for large tenders and enquiries is reviewed at Group level prior to commitment. The Group is committed to ensuring customer satisfaction and offering a compelling return on investment for its products with a clear long-term value proposition to our customers. The introduction of an ISO 9001 compliant Quality Management System in our Rail Technology UK business will help underpin customer satisfaction.

Competitor activity is monitored by our operating businesses as well as at Group level.

The Group has an ambitious growth ambition, which is underpinned by a large and growing pipeline of opportunities. Due to the increasing size of these individual opportunities, particularly in North America, we have assessed that there is an increased likelihood of the risk from procurement delays impacting growth within a reporting period. We do not believe that the risk to the Group's growth ambition over the longer term has changed.

7 Health and safety

There is a risk that employees could sustain a serious injury in the performance of their activities on behalf of the Group. The Group has a large number of employees operating at a variety of temporary and permanent locations across the UK, Ireland and North America. Some employees fulfil established high-risk roles. In the Data, Analytics, Consultancy & Events division there are some parts of the business that employ a high volume of temporary staff at various times of the year, some of which are deployed in higher risk environments, including close proximity to vehicles.

Strategic priorities

1. Drive organic growth

Change in the year

No change

Mitigation – The Group has a dedicated health and safety team trained to IOSH[1] and NEBOSH[2] standards, as well as 24/7 access to external health and safety consultancy support. Structured health and safety processes, policies and procedures are in place, led by a dedicated and appropriately trained health and safety team. Dashcams and tracker devices have been installed in the vehicle fleets, whilst an external provider manages driver risk, licence and competence checks. On-site risk-based internal assurance activity is provided by dedicated Group resource. All work activity is assessed for risk and subject to a documented safe systems of work. Group-level oversight and governance of health and safety outcomes is achieved through monthly Executive and Board-level review of health and safety incidents, trend analysis and data.

8 Strategic execution

The Group has a clear strategy to deliver sustainable growth and long-term shareholder value, as outlined on pages 24 and 25. A failure to execute our strategy could adversely impact the Group's future trading performance. Delivering this strategy, will require the Group to successfully execute a number of key activities that are not specifically captured within the other principal risks including: the recruitment, development and retention of key skills; entering new markets or geographies; enhanced integration and collaboration across the Group; the continual improvement of our systems and processes; and M&A execution and integration.

Strategic priorities

1. Drive organic growth
2. Expand addressable markets
3. Enhance growth through acquisition
4. Operating as OneTracsis

Change in the year

N New risk

Mitigation – The Group has executed a series of actions to transform its operating model, establishing a simplified organisational structure and a more focused product and services portfolio, aligned to its strategic goals. As part of this activity, it has made targeted investment to strengthen senior leadership capabilities across its technology, commercial and governance teams. This investment better enables the Group to deliver sustainable, scalable growth.

The Board believes that the long-term success of the Group depends on the engagement and commitment of its employees. Skills and expertise in the Group's key markets can be difficult to find or develop and the growth of the business may be impacted should key individuals leave employment, or if the business is unable to attract, recruit and develop staff for its growth plans. As part of a comprehensive people strategy the Group has established an in-house talent team to ensure we attract and retain the skills and capabilities required to deliver our growth strategy and that we invest in the development of our people and in providing career progression opportunities within the Tracsis Group.

Investment in the next generation of products is a key part of the Group's growth strategy. As noted above (see principal risk 2 "Technology") the Group has implemented a common approach to how it develops and delivers enterprise software solutions. This will underpin future product development investment and activity, to optimise return on investment and to ensure our products have applications in international markets. Material investment in new product development is reviewed at Board level.

The Group has a track record of delivering earnings accretive acquisitive growth. It continues to deliver healthy levels of cash generation and has a strong balance sheet to support further investment in M&A. Senior leadership including the Board have significant experience in delivering successful M&A execution and integration. All acquisition investment cases are reviewed at Board level and are supported by third party due diligence for material areas including legal and financial.

The Board believes the actions taken to transform the Group's operating model, alongside the investment in enhancing its core capabilities, better positions the Group to execute its growth strategy.

Key Increased · Stable · Reduced · N New risk

9 Change in demand from customers

A material change in the level of demand across the Group's customer base could impact future trading prospects. Customer activity levels in both divisions can be impacted in both the short and longer term by factors outside of the Group's control. These include, but are not limited to, macroeconomic factors impacting our main markets of UK, North America and Ireland. The Group also derives revenues directly and indirectly from the UK and Irish Governments, and from US federal funding, which could be significantly impacted if those funding streams reduced.

This can be both a risk and an opportunity for the Group.

Strategic priorities

1. Drive organic growth
2. Expand addressable markets
3. Enhance growth through acquisition

Change in the year

Increase

Mitigation – A large proportion of the Group's Rail Technology & Services revenue derives from delivering mission-critical products and services that our customers rely on in order to run their operations, and to deliver operational improvements that lead to cost efficiencies or service improvement. The Group engages with its existing and potential customers to ensure that its offerings have a clear return on investment and value proposition, and to better understand customer investment cycles.

Revenue in the Data, Analytics, Consultancy & Events division is more directly impacted by government spending and funding availability. In addition, demand for events management services can be impacted by the ability of events organisers to make an appropriate return. We engage closely with customers on this side of the business to better understand future activity levels, and focus on providing a high quality, value-add service to our customers.

As explained in risk 6 "reliance on key customers & contracts", as the Group grows and diversifies its revenue streams, the exposure to changing demand patterns from individual customers should reduce. The Group's presence in North America provides some further geographic diversification.

We assess the likelihood of this risk to have increased during the year, reflecting an increased risk of near-term headwinds related to the changes in government in both the UK and US as well as the transition into a new Network Rail control period.

10 Laws and regulations

Deviation from regulatory compliance could lead to a fine or sanction of enforcement order imposed on the business by a court or regulatory body (including but not limited to FCA, HSE, ICO, etc.). Any information security incident leading to a data breach could undermine trust and confidence in the Group's ability to meet the requirements of the privacy regulatory environment.

Strategic priorities

1. Drive organic growth

Change in the year

No change

Mitigation – Effective Group-level corporate governance mechanisms are exercised. Directors are briefed on AIM Rules in conjunction with the Group's nominated adviser, and regular dialogue is maintained with our broker throughout the year. Our Group-controlled risk-based environmental, information security and quality management systems are externally audited and certified to International Standards Organisation ("ISO") standards. The management systems ensure an understanding of the in-scope regulatory environment, and evidence compliance.

The Group-level Finance, HR and Governance Risk and Compliance departments provide an oversight function for Divisional level / business unit activity. During FY24 the Group has invested to enhance its governance team with the appointment of an experienced Company Secretary. A Group-controlled privacy programme is in place designed to demonstrate regulatory compliance. The programme is benchmarked against the International Association of Privacy Professionals ("IAPP"), Certified Information Privacy Managers ("CIPM") principles and doctrine. We have appointed a PECB trained and certified Data Protection Officer to provide guidance, advice and support.

To mitigate an elevated health & safety risk profile within our Traffic Data & Events business we have implemented a health and safety framework, led by a trained and qualified health & safety management team, with documented policy, process and procedures. See risk 7 "Health and safety" for more information.

11 Climate change

The challenges presented by climate change may have implications on our operations and business model, as well as those of our customers. There is a risk that our financial performance could be adversely impacted by physical risks to people and assets that result from a projected increase in the frequency of natural disasters caused by climate change, and the impact of gradual changes such as increasing temperatures. We are committed to achieving a carbon neutral target for scope 1 and scope 2 emissions for our own operations by 2030. Achieving this may necessitate investment in new equipment and working practices which could result in an increase in the cost base. Other costs may also increase as a result of climate change, including insurance and the cost of meeting regulatory and reporting requirements.

Strategic priorities

1. Drive organic growth
2. Expand addressable markets

Change in the year

No change

Mitigation – Tracsis' products and services support our customers in delivering positive environmental outcomes and addressing their own risks around the effects of climate change. Sustainability is at the heart of our purpose and our products, and we will continue to invest in innovation and product development to support the achievement of a zero carbon transport future.

We engage closely with our customers to understand how the challenges presented by climate change may affect their operations.

While the Group cannot single-handedly mitigate climate change, and residual risks in this area will therefore remain, the actions we are taking help to mitigate both regulatory action and reputational damage in relation to climate change.

The Group has established a clear sustainability strategy, supported by a robust governance model and ESG policies. An ISO 14001 compliant environmental management system has been implemented. We have produced an external facing strategic level Carbon Reduction Plan (CRP), that will be published in spring 2025. as well as an internal facing operational level CRP to drive action towards our stated carbon reduction objectives.

We are committed to our 2030 carbon reduction objectives. In certain parts of the Group achieving this will require the right technology solutions to become available, for example decarbonising our operational vehicle fleet. This will influence the timing and quantum of future investment.

The Strategic Report has been approved by the Board of Directors and signed on its behalf.

Andrew Kelly
Director, Tracsis plc
Nexus, Discovery Way
Leeds, LS2 3AA
United Kingdom

1 IOSH Leading Safety – Leading Safely | IOSH.

2 NEBOSH General Certificate – National General Certificate in Occupational Health and Safety – NEBOSH.

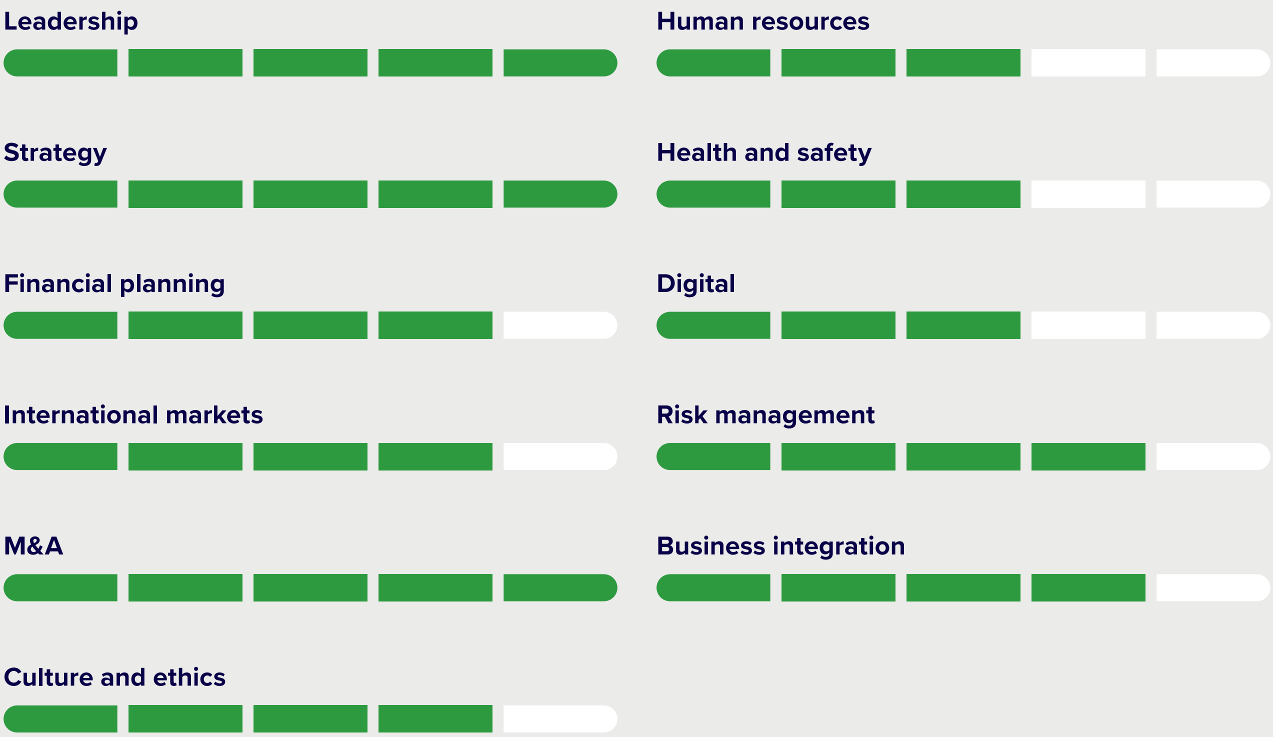
Governance at a glance

Board attendance

	Board meetings	Audit & Risk Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Jill Easterbrook	10/10	–	–	2/2
James Routh	10/10	4/4	4/4	2/2
Tracy Sheedy	10/10	4/4	4/4	2/2
Ross Paterson[1]	3/3	2/2	2/2	1/1
Liz Richards[2]	9/9	3/3	3/3	1/1
Chris Barnes	10/10	–	–	–
Andrew Kelly	10/10	–	–	–

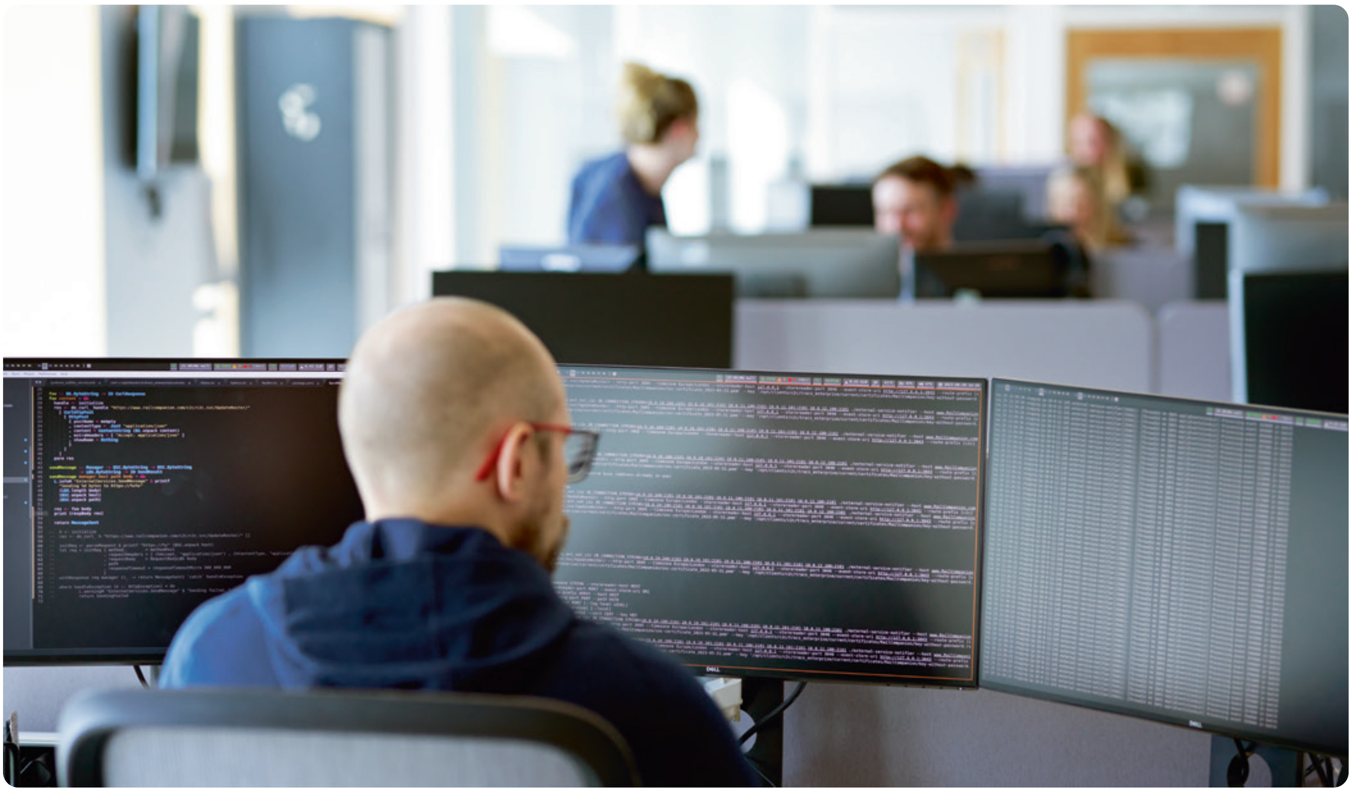
Board skills and experience

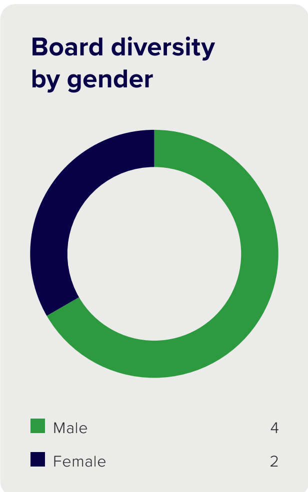
Average Board members' self assessment of their skill and experience (out of five) in each area:

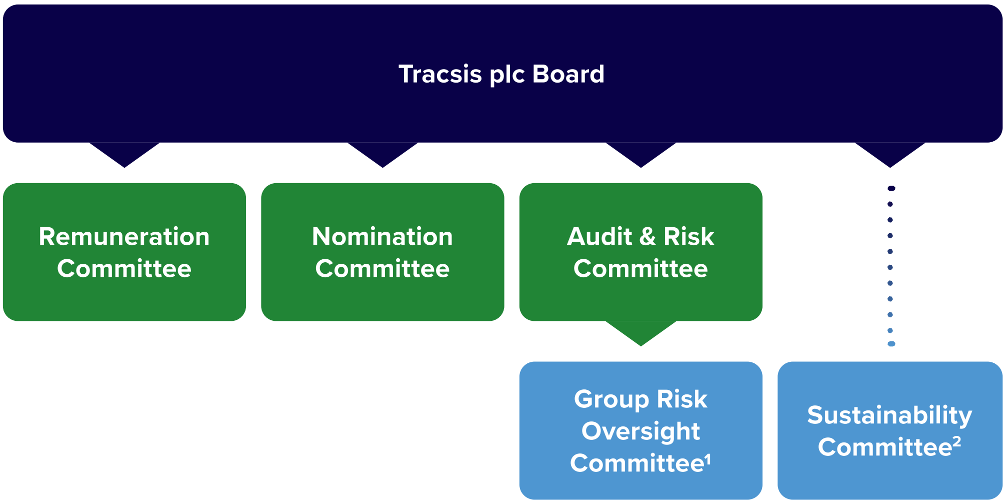


1 Ross Paterson joined the Board on 2 April 2024.

2 Liz Richards stepped down from the Board on 30 June 2024.







1 Management committee, which reports to the Audit & Risk Committee.

2 Currently a management committee, which is being reconstituted as a Board Committee chaired by the Senior Independent Director.

Board of Directors

1 Jill Easterbrook

R A N

Independent Non-Executive Chair

Appointed: 05 October 2022 as Non-Executive Director; 01 September 2023 as Non-Executive Chair

Experience

Jill has significant leadership and management experience in international businesses. She was a member of the Executive Committee at Tesco PLC where she held a variety of senior roles, and was the Chief Executive Officer of JP Boden & Co. She also spent time as a management consultant, having started her career at Marks & Spencer.

External appointments

Ashtead Group plc; Verde Bidco Limited (Headland)

2 Chris Barnes

R A N

Chief Executive Officer

Appointed: Joined the Company on 04 February 2019 and was appointed Chief Executive Officer on 01 May 2019

Experience

Experience: Prior to joining Tracsis, Chris was Managing Director of Ricardo UK Limited's automotive consulting division, and had previously held a number of senior roles within Ricardo plc. Before joining Ricardo, he held positions at Ford Motor Company and at A.T. Kearney. Chris has a Master's degree in Engineering, Economics and Management from the University of Oxford and is an alumnus of Harvard Business School.

External appointments

None

3 Andrew Kelly

R A N

Chief Financial Officer

Appointed: 01 February 2021

Experience

Prior to joining Tracsis, Andrew spent eight years at Videndum plc in a number of senior roles, including Group Financial Controller and Divisional Finance Director. Before joining Videndum, he held positions in finance and strategy at Anglo American plc and Carphone Warehouse plc. Andrew is a Chartered Accountant, having qualified with Deloitte, and holds a first class degree in Natural Sciences from the University of Cambridge.

External appointments

None

Key
- R Remuneration Committee
- N Nomination Committee
- A Audit & Risk Committee
- Chair of Committee

4 Dr James Routh

R A N

Senior Independent Non-Executive Director

Appointed: 29 September 2021

Experience

James is currently Chief Executive Officer of AB Dynamics plc, having held the position since 2018. Prior to this he was Group Managing Director at FTSE 250 listed Diploma PLC for six years, where he delivered a series of successful international acquisitions. His previous career involved leadership positions predominantly in the aerospace and defence industry, including senior roles at Chemring Group PLC and Cobham PLC. James holds a PhD in Engineering and is a Chartered Mechanical Engineer and Fellow of the Institution of Mechanical Engineers.

External appointments

AB Dynamics plc

5 Ross Paterson

R A N

Independent Non-Executive Director

Appointed: 02 April 2024

Experience

Ross is a Non-Executive Director and Chair of the Audit & Risk Committee at The Unite Group plc, a Non-executive Director and Chair of the Audit Committee at Bytes Technology Group plc, and a member of the Business Policy Panel of the Institute of Chartered Accountants of Scotland. Ross has significant experience in operationally complex businesses, including over 24 years in the public transport sector. He was formerly Chief Financial Officer of Stagecoach Group plc, and a Non-Executive Director and Audit Committee Chair of Virgin Rail Group Holdings Limited.

External appointments

Unite Group plc, Bytes Technology Group plc

6 Tracy Sheedy

R A N

Independent Non-Executive Director

Appointed: 01 September 2023

Experience

Tracy worked as Group HR Director of Croda International plc, the FTSE 100 global speciality chemicals company, for seven years until retiring in 2023. Prior to that she held Group HR Director roles with UK listed businesses Fenner plc and Scapa Group plc, and other senior HR roles with a number of multi-national manufacturing businesses. She is a Fellow of the Chartered Institute of Personnel and Development.

External appointments

Orbit Group

Corporate governance

Tracsis plc was listed on AIM on 27 November 2007. The Group recognises the importance of, and is committed to, high standards of corporate governance. Tracsis plc, as an AIM Company, has adopted the 2018 Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies which supports the Group's long-term success and strategy for growth. Further details of the Group's compliance with the QCA Code can be found on the Group's website https://www.tracsis.com/investors/corporate-governance.

The Board

At 31 July 2024, the Board comprised six members, four of whom being independent Non-Executive Directors. On 2 April 2024, Ross Paterson joined the Board as part of a planned succession to Liz Richards, who stepped down on 30 June 2024. You can read more about the Directors on pages 64 and 65.

The role of the Non-Executive Directors is to bring independent judgement to Board deliberations and decisions. As Non-Executive Chair, Jill Easterbrook oversees Board meetings and fields all concerns regarding the Executive Management of the Group and the performance of the Executive Directors. The Directors each have diverse backgrounds and bring a wide range of experience to the Group. An assessment of the Board members' skills and experience is shown in the governance dashboard on page 62.

During the year, the Board met ten times to review the Group's performance and to review and determine strategies for future growth. The Board has delegated specific responsibilities to its Committees as set out below.

Each of the Directors is subject to either an executive services agreement or a letter of appointment as set out on page 72. Tracsis plc's current Articles of Association require Directors to retire from office and submit themselves for re-election on a one-third rotation at each Annual General Meeting ("AGM"). They also require any person who has been appointed as a Director by the Board since the date of the Company's last AGM to retire at the next AGM following their appointment. Notwithstanding the provisions of the Company's current Articles of Association, which have been updated and recommended for approval at the AGM in January 2025, the Board has determined that all of the remaining Directors shall retire from office at the forthcoming AGM in line with the best practice recommendations of the Financial Reporting Council's UK Corporate Governance Code. Each of the Directors intends to stand for re-appointment by the shareholders.

Independence of Non-Executive Directors

The Directors consider all Non-Executive Directors to be independent.

Board Committees

Nomination Committee

The Nomination Committee comprises Jill Easterbrook as Chair, Ross Paterson, James Routh, and Tracy Sheedy. The Committee's primary responsibilities are to make recommendations to the Directors on all new appointments of Directors and senior management, to interview nominees, to take up references and to consider related matters such as succession planning in the business.

Remuneration Committee

The Remuneration Committee comprises Tracy Sheedy as Chair, Ross Paterson and James Routh. Jill Easterbrook is an attendee by invitation. The Committee's primary responsibilities are to review the incentive and reward packages for the Chair, Executive Directors and senior executives to ensure that they are aligned with the Group's strategic objectives and financial performance, and are appropriate to attract, retain and motivate management behaviour in support of the Company's culture and beliefs and the long-term sustainable creation of shareholder value.

Audit & Risk Committee

The Audit & Risk Committee comprises Ross Paterson as Chair, James Routh and Tracy Sheedy. Jill Easterbrook is an attendee by invitation. The Audit & Risk Committee's primary responsibilities are to monitor the financial affairs of the Group, to ensure that the financial performance of the Group is properly measured and reported on, and to review reports from the Group's auditor relating to the accounting and internal controls. The significant issues considered by the Audit & Risk Committee relating to the Group's financial statements include revenue recognition and intangible assets, as detailed in notes 5.1 and 13 to the financial statements.

Non-audit services

In accordance with its policy on non-audit services provided by the Group's auditor, the Audit & Risk Committee reviews and approves the award of all such work. The Audit & Risk Committee refers to the Board for approval of any work comprising non-audit services where the fees for such work represent more than 25% of the annual audit fee. During the year, £6,000 was paid to Grant Thornton UK LLP in respect of non-audit work (2023: £5,500). This non-audit work related to agreed upon procedures for the half-yearly financial report.

Auditor independence and conflicts of interest

The Audit & Risk Committee continues to evaluate the independence and objectivity of the external auditor, taking into consideration all United Kingdom professional and regulatory requirements. Consideration is given to all relationships between the Group and the audit firm (including in respect of the provision of non-audit services). The Audit & Risk Committee considers whether, taken as a whole, and having regard to the views, as appropriate, of the external auditor and management, those relationships appear to impair the auditor's judgement or independence. The Audit & Risk Committee feels they do not.

Internal audit

The Audit & Risk Committee agrees that there should be no internal audit function of the Group at this time considering the size of the Group and the high level of senior management oversight of the Group's accounting systems. However, the Committee continues to keep this under review.

Control procedures

The Board approves the annual budget each year. This process allows the Board to identify key performance targets and risks expected during the upcoming year. The Board also considers the agreed budget when reviewing trading updates and considering expenditures throughout the year. Progress against budget is monitored via monthly reporting of actual financial performance against budget and prior year actual results. The Group has clear authority limits deriving from the list of matters reserved for decision by the Board including capital expenditure approval procedures.

Relations with shareholders

The Board recognises and understands that it has a fiduciary responsibility to the shareholders. The Chief Executive Officer's Review includes detailed analysis of the Group's performance and future expectations. The Group's website (www.tracsis.com) allows shareholders access to information, including contact details and the current share price. The Chief Executive Officer is responsible for ongoing dialogue and relationships with shareholders, alongside the Chief Financial Officer and Chair. The Annual General Meeting is a platform for the Board to communicate with shareholders and the Board welcomes the attendance and participation of all shareholders.

Board evaluation process

The Board completed an internal evaluation process in the financial year ended 31 July 2022. This process concluded that the Board was operating effectively and has the requisite collective skills in the areas of strategy, finance, human resources and global commercial expertise to assist with the implementation of its strategy.

With a number of Board-level changes now complete, the Board is undertaking an internal evaluation in November 2024 and a summary of the conclusions, including the actions identified, will be detailed in the next Annual Report.

Directors keep their skills and knowledge up to date through relevant training and development courses including from the Company's advisers and NOMAD. All Directors are encouraged to use their independent judgement and to constructively challenge other Directors where appropriate.

QCA Code compliance

The Company has adopted the QCA Code on the basis that it is the corporate governance code most suited to its requirements, size, strategy, resources and stage of development, as it offers a flexible but rigorous outcome-oriented framework in which we can continue to develop our governance model to support our business. The QCA Code requires us to apply the principles as set out below and to publish certain related disclosures in our Annual Report, on our website, or a combination of the two. During the year, Tracsis has fully complied with the requirements of the Code with the exception of Principle 7, where the Board has partially complied.

Principle 1 – Strategy and business model

The Group's strategy and business model is described on pages 14 and 15.

Principle 2 and 10 – Seek to understand and meet shareholder needs and expectations and shareholder communication

The Board maintains effective dialogue with its shareholders with regular meetings throughout the year, including immediately after its interim and full-year results, and at different times throughout the year where requested.

These meetings assist the Board in understanding the views of shareholders, as well as providing shareholders with a deeper context for the business.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board understands that the long-term success of the business relies upon good relations with a range of different stakeholder groups both internal and external. Through ongoing dialogue with, and presentations by, Divisional management and the Executive Directors, the Board is kept updated on matters relevant to key stakeholders and incorporates information and feedback into future decision making. You can read more about this in our Section 172 Statement on pages 32 and 33.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group's approach to risk management is set on pages 56 and 57, together with the risk framework model which is used to assess and manage risk within the business. Ross Paterson, Chair of the Audit & Risk Committee also explains where the Committee intends to focus its attention in the forthcoming year on pages 54 and 55.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

There were a number of changes to the Board during the financial year. Jill Easterbrook assumed the role of Chair from 1 September 2023. In addition, Ross Paterson joined the Board on 2 April 2024, as part of a planned succession to Liz Richards, who stepped down from the Board on 30 June 2024.

At 31 July 2024, the Board comprised six Directors, four of whom are independent (including the Chair). The QCA Code confirms that independence is a Board judgement; however, the Company has adopted the definition of independent from the UK Corporate Governance Code. All Non-Executive Directors are considered independent under this definition. The time commitment required from our Non-Executive Directors varies, but there are at least ten Board meetings per year, together with Committee work and Board calls to cover out of cycle activities or decisions.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Directors and their biographies can be found on page 64 and 65, together with a self-assessment of skills on page 62. Each Director keeps their skills and experience up to date through outside learning, events, seminars and through supplementary knowledge provided by the Company. No Director performs an advisory function to the Board or its Committees and independent external legal advice has not been sought by the Board during the year. Deloitte LLP acts as the external adviser to the Remuneration Committee.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board last undertook a Board evaluation in 2022, which highlighted that a succession planning process for a refresh of the Board be undertaken, which was completed. A detailed internal evaluation is being undertaken during November 2024, with the outcome to be shared in the next Annual Report.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

The Board sets the cultural tone for the organisation. The Board has maintained an Anti-Bribery and Corruption Policy and Whistleblowing Policy whose approval is reserved by the Board.

During the year, the Board has also considered its "red lines" for M&A. These are instances of behaviour, nature of operations or culture that would be inconsistent with our values, which if found during due diligence, would immediately terminate any M&A deal.

The Company outlines its opposition to modern slavery and human trafficking and its policy can be found on its website (www.tracsis.com).

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The governance structure of the business is described above, together with the roles of the Committees, which are described on our website. The Board reviews the structure periodically to ensure it is fit for purpose, including reviewing Matters Reserved for the Board, to confirm that the delegations afforded to sub-committees and the executive remain appropriate.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue for at least twelve months from the signing of the financial statements in operational existence and have therefore adopted the going concern basis in preparing the accounts. 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 forthcoming year based upon assumptions for trading and the requirements for cash resources including contingent consideration. These forecasts take into account reasonably possible changes in trading financial performance, and indicate that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements. 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 and particularly given trading performance to date.

A. Chair's Letter

Tracy Sheedy
Chair of the Remuneration Committee

Committee members

	Meetings attended
Tracy Sheedy – Chair	●●●●
James Routh	●●●●
Ross Paterson	●●🟢🟢
Liz Richards	●●●🟢

● Attended ○ Not attended 🟢 Attendance not required

→ For more details about our board members, read pages 64 and 65

Contents

Dear stakeholder

As Chair of the Remuneration Committee, and on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 July 2024.

As the Company is listed on the Alternative Investment Market ("AIM"), we are required to comply with AIM Rule 19 in respect of remuneration disclosures and Tracsis has adopted the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 (the "QCA Code"). Consistent with last year's report we have chosen to make additional disclosures on a voluntary basis, in line with AIM best practice, to enable shareholders to better understand and consider our remuneration arrangements. In line with best practice, we will continue to put our Directors' Remuneration Report to an advisory shareholder vote. In accordance with the new QCA guidance we will also, for the first time, put our Directors' Remuneration Policy (the "Policy") to an advisory shareholder vote.

During FY24, the Committee had a full agenda including the review of the Directors' Remuneration Policy, which, in accordance with good corporate governance principles, will be presented to our shareholders in an advisory vote at our Annual General Meeting ("AGM") on 22 January 2025. This letter is intended to provide you with an account of the Committee's activities throughout the year, as well as provide some context to the accompanying Directors' Remuneration Report and Remuneration Policy which follow.

Review of workforce remuneration

As discussed in the Strategic Report, Tracsis has delivered a programme of actions to transform its operating model in order to create a scalable platform for accelerated future growth. As part of this, we have made changes to our organisation structure and have made a number of strategic hires to ensure that we have the right talent to deliver growth. We have also undertaken a review of salaries across the business, supported by Willis Towers Watson market data, and as a result have realigned the salaries of our most business critical and skilled staff. In addition, we are introducing an enhanced benefits offering to employees including life insurance, a more comprehensive private medical insurance offering, increased pension contributions, and a new all-employee share scheme (subject to the rules being approved by shareholders at the AGM in January 2025). We have also increased the number of global employees who benefit from our senior leader bonus plan and LTIP scheme.

Salary increases to our UK workforce (during 2023/24) were 3.5% on average, with a range between 0% and 20% for UK employees. For our US workforce, the average was 4.1% with a range between 0% and 11%.

In considering the reward arrangements for the wider workforce we have been keen to ensure that all our employees are able to share in the success of the Company.

Changes to Executive Director remuneration

During the year, the Committee has undertaken a review of the Remuneration Policy, structure and opportunity for our two Executive Directors ("Executives"). It has been several years since the last review and the Committee was concerned that our Executives' reward packages may no longer reflect the size and complexity of the Group or appropriately reward our Executives for delivering the Group's strategic growth ambitions.

The Committee wanted to ensure that going forwards, our remuneration arrangements remain capable of supporting the retention and recruitment of the talent needed for the next phase of our business growth.

In determining the changes to the Policy, the Committee reviewed our Executives' compensation against market data, on this occasion provided by Deloitte. This data assisted the Committee in confirming that the proposed changes to the Policy are appropriately positioned in the market.

We considered data for a range of different peer groups including similarly sized AIM businesses and technology sector peers to ensure that we had a full and robust perspective of the market range for these roles. This data confirmed that our Executives' reward package has fallen below AIM peers of a similar size and complexity and the Committee concluded that it was appropriate to make changes to ensure Executive Directors are fairly rewarded.

The Committee has endeavoured to ensure that the overall total compensation opportunity is positioned fairly for the scope and responsibilities of the Executives' roles at around the market mid-point compared to similar size companies, but with base salaries remaining below median so that the package remains strongly weighted towards long-term incentives.

The Committee has undertaken a process of shareholder consultation, writing in May and November 2024 to our top 20 shareholders to present our proposals. We are very grateful for the time taken to share feedback, which has been useful in finalising our proposals. Shareholders were overall supportive of the proposed changes to the Remuneration Policy, although some requested that the Committee consider the timing of when some of the proposed changes were implemented.

The Committee believes that the business is well placed to deliver long-term sustainable value for all its stakeholders. It will therefore put forward the changes to the Remuneration Policy to shareholders at the AGM in order to build in appropriate flexibility and headroom to ensure our Policy is aligned with the Board's ambitions for the next stage of Tracsis' growth.

> **"This year, the Remuneration Committee is putting its updated Remuneration Policy before shareholders, demonstrating transparency and good governance in its balanced approach to executive pay."**

The Committee remains mindful of the experiences of our shareholders in light of the recent financial performance of the Group and carefully considered which of the changes under the new Policy to implement at this stage. **It has been decided that for FY25 the proposed changes to the Policy relating to increases in variable pay opportunity (for both bonus and LTIP) will not be implemented**. Consequently, the shareholding guidelines will remain aligned to the current LTIP opportunity of 100% of salary. Any increases permitted under the Policy will be considered further in FY26 and FY27, taking into account business performance and the shareholder experience. The Policy changes relating to the tightening of other governance arrangements will be implemented in FY25.

Pension – Executives' pension contributions will be aligned to the wider workforce, with the reduction of pension contributions for the Executives (from 10% to 8% of salary) being phased in over two years starting from 1 August 2024, with employee contributions increasing to 8% of salary over the same timeframe.

Annual bonus – In order to drive focus on financial and operational goals, the maximum annual bonus opportunities under the Policy will be increased from 100% to 130% of salary for the CEO and from 100% to 120% of salary for the CFO. To further align our Executives with shareholders, a minimum of 25% of any bonus will ordinarily be deferred into shares until the revised shareholding guidelines have been met Once the shareholding guidelines have been met the annual bonus will be paid entirely in cash. Malus and clawback provisions will continue to apply and the approach to implementation has been strengthened. Given recent performance context, for FY25, the bonus opportunity will remain at 100% of salary for both the CEO and CFO, with the bonus deferral and strengthened malus and clawback provisions being applied as per the revised Policy.

Long Term incentive Plan – In order to incentivise our Executives and ensure they are fairly rewarded for delivering our ambitious 2030 objectives, the maximum LTIP opportunities under the Policy have been increased from 100% to 150% of salary for the CEO and from 100% to 130% of salary for the CFO. In line with best practice, a two-year holding period for vested shares has been introduced. Given the recent performance context, for FY25 the LTIP opportunity will remain at 100% of salary for both the CEO and CFO, and the Committee will continue to apply strengthened malus and clawback provisions, alongside the two-year holding period.

A. Chair's Letter *continued*

Changes to Executive Director remuneration *continued*

Shareholding guidelines – Our shareholding guideline for the Executives will align to the same percentage of salary as the LTIP award opportunity. To the extent that LTIP awards increase for future years from 100% of salary, up to the new LTIP policy maximum levels of 150% of salary for the CEO and 130% of salary for the CFO, the shareholding guidelines will be increased accordingly. These increases will not be implemented in FY25, as the LTIP maximum opportunity will remain at the previous Policy's maximum of 100% of salary.

I hope you are able to support the proposed changes to the Policy, which can be found on pages 72 and 73, which we believe are critical to enabling the remuneration framework at Tracsis to support and drive the future growth of the business; and provide a fair level of remuneration for the Executives taking into account the scope and complexity of their roles. We are committed to implementing the changes required to strengthen remuneration governance in 2025, but will postpone the increases to variable pay in light of the wider shareholder experience.

Remuneration outcomes for FY23/24

Over many years, Tracsis has consistently delivered substantial shareholder value through organic growth that has been enhanced by 17 acquisitions since its IPO in 2007. Nevertheless, our performance this year fell below our expectations, which was attributable to the unexpected timing of the UK general election in the final six weeks of our financial year, and slower than anticipated pipeline conversion in North America. The Group has made significant progress in executing its operational strategy this year including executing a programme of actions to transform its operating model. This leaves us in a strong position to return to growth in FY25 and beyond.

The financial performance of the business in FY24 is reflected in the remuneration incentive outcomes. As the business ended the year below its expectations, due to challenging external conditions, a significantly reduced bonus was payable. No bonus was payable in respect of the financial targets for the year; however, in recognition of the Executives' valuable individual contributions in partially meeting stretching business objectives, 10% of the maximum annual bonus was payable to the CEO and 12% of the maximum annual bonus was payable to the CFO (out of a maximum potential payout of 20% of salary) for the year ended 31 July 2024. Details of the targets, and the performance against the targets, are set out overleaf.

In respect of LTIP awards granted to the CEO and CFO in 2021, 29% of the total LTIP award will vest. Targets against relative total shareholder return ("TSR") were met at 58% of maximum; however targets against adjusted diluted EPS were not met.

The Committee considered that these incentive outcomes are appropriate in the context of the performance of the business and the experience of shareholders and wider stakeholders.

Implementation of remuneration for FY25

Base Pay – Notwithstanding the immediate business challenges presented by the timing of the general election and the change of government, our Executives have performed well over several years and their base pay remains below the median of the benchmark data for AIM businesses of a similar size and complexity. Given the need to ensure that our Executives are fairly rewarded for their skills and experience; and the importance of retaining them in order to deliver our 2030 strategic plan, effective 1 August 2024 the Committee increased the CEO's salary from £319,646 to £370,000 (+15.8%) and the CFO salary from £218,295 to £255,000 (+16.8%). The Committee recognise these are significant increases, however it is our intention that the increases are a one-off adjustment. To this end the Committee has decided that for FY26 any increases will not exceed the increases provided to the wider UK workforce.

Pension contributions – Executive pension contributions have reduced to 9% of salary, ahead of the planned reduction, which was not scheduled until August 2025 and will be aligned with the pension arrangements for the wider workforce at 8% of salary in August 2026.

Annual bonus – For FY25 the maximum annual bonus opportunity for both CEO and CFO will remain at 100% of salary. Any increases to the maximum annual bonus opportunity, up to the new maximum permitted under the Policy, will be considered based on business performance in FY26 and FY27.

A minimum of 25% of any bonus will be deferred into shares until the shareholding guidelines have been met.

For FY25, adjusted EBITDA will continue to be the key financial measure with an 80% weighting with the remaining 20% of the potential maximum bonus to be payable based on the achievement of other strategic and operational business objectives, one of which will be ESG related.

The adjusted EBITDA target is based on the Board approved budget for FY25 and has been set to have an appropriate degree of challenge in the context of internal and external market expectations of performance (based on Company compiled consensus data prior to the publication of the FY24 financial results) and is consistent with the Group returning to delivering profitable growth in FY25 (relative to FY23 as well as FY24). Target achievement will deliver a 50% payout of the financial element of the bonus (80% overall). Maximum payout is set at 10% above target. No annual bonus will be earned for performance lower than 10% below target. Adjusted EBITDA is earnings before net finance income, tax, depreciation, amortisation, exceptional items, other operating income and share based payment charges.

LTIP – For FY25 the LTIP opportunity will remain at 100% of salary for both the CEO and CFO. Any increases to the maximum LTIP opportunity, up to the new maximum permitted under the Policy, will be considered based on business performance in FY26 and FY27. To continue to encourage the creation of sustainable shareholder value creation, EPS and TSR will continue to be the key metrics for awards granted in 2025. TSR ranking will be vs. the AIM 100 excluding investment trusts. EPS will be adjusted diluted EPS, being defined as profit after tax before amortisation, exceptional items, other operating income and share based payments, divided by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares. The Committee retains the right to exercise discretion over the LTIP vesting outcomes to reflect the shareholder experience if it deems appropriate.

Malus and clawback provisions will continue to apply and the approach to implementation has been strengthened and a two-year holding period for vested shares has been introduced.

Following the AGM, it is proposed to grant LTIP awards to Executive Directors with awards remaining at 100% of salary for both the CEO and CFO, respectively. Performance targets based on the period 1 August 2024 to 31 July 2027 is set out on the table overleaf,

B. Remuneration at a glance

TSR Ranking over Performance Period. vs. AIM 100 excluding investment trusts.	Vesting %	Adjusted diluted EPS[1] compound annual growth rate (FY27 vs FY24)	Vesting %
Less than median	0%	Less than 17%	0%
Median	25%	17%	25%
Between median and 75th percentile	On a straight-line basis between 25% and 100%	Between 17% and 27%	Between 25% and 100% on a straight-line basis
75th percentile and above	100%	27% or more	100%

1 Adjusted EPS – Profit after tax before amortisation, exceptional items, other operating income and share based payments, divided by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares.

The targets for both bonus and LTIP are aligned to the business plan agreed by the Board at the beginning of FY25. For FY25 adjusted EBITDA and adjusted diluted EPS will be the key financial measures for bonus and LTIP respectively. The Policy gives the Committee flexibility to change metrics or add in new metrics as the business evolves.

Shareholding guidelines – For FY25, these will remain aligned to the LTIP opportunity at 100% of salary for CEO and CFO.

Changes to Non-Executive Director fees

This year, the average salary uplift across the Group for UK-based employees was 3.5%, with high performers achieving more. In June, the Non-Executive Director fees were reviewed and an increase of 3% was applied from 1 August 2024, reflecting inflation and the time commitment required. For more details on Non-Executive Directors fees paid during the year, please turn to page 75.

The Committee believes that Tracsis' transparent and fair remuneration approach plays a key role in attracting and motivating talented individuals to deliver substantial value to our stakeholders and allows our employees to share in our success.

Tracy Sheedy
Chair of the Remuneration Committee
19 November 2024

C. Outcomes for FY24

Key component	Policy	Metric and result	Chief Executive Officer	Chief Financial Officer
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Salaries were increased by 5% with effect from 1 August 2023, in line with the increase awarded to those members of the workforce who were rated as strong performing employees.	£319,646	£218,295
Annual performance bonus	To reward performance against annual targets which support the strategic direction of the Group. Potential is capped at 100% of salary.	80% Adjusted EBITDA and 20% business objectives. No payout for EBITDA, partial payout for achievement of business objectives.	£31,965	£26,195
LTIP	To drive and reward the achievement of longer-term objectives and align management with shareholders. Shares equal in value to no more than 100% of salary.	Awards granted in 2021 were based 50% on adjusted diluted EPS and 50% on TSR. TSR targets were achieved at 58% of maximum, EPS targets were not met. Overall award vesting 29% of maximum.	£65,025*	£41,373*
Pension	To provide an appropriate level of retirement benefit.	10% of base salary.	£31,965	£21,830
Other benefits	To provide market-competitive benefits package.	Life insurance.	£900	£800

* Based on the number of options vesting in respect of the 2021 LTIP award valued based on the three-month average share price to 31 July 2024 of 812p.

D. Directors' Remuneration Policy

This section sets out the Directors' Remuneration Policy. In order to deliver the Group's strategy, the primary objectives of our Policy are:

- to operate a transparent, simple and effective remuneration structure which encourages the delivery of targets in accordance with our business plan and strategy;
- to attract, motivate and retain individuals of the highest calibre by providing competitive and appropriate short- and long-term variable pay which is dependent upon challenging performance conditions; and
- to promote the Company's culture and the long-term success of Tracsis and ensure that our Policy is aligned with the interests of, and feedback from, our shareholders.

In accordance with good corporate governance principles and the revised QCA Code, the updated Policy will be presented to our shareholders in an advisory vote at our AGM on 22 January 2025

Proposed changes to the Policy

The following changes are proposed:

- Executive pension contributions to be reduced from 10% to 8% of salary on a phased basis, starting in August 2024, to align with the pension offered to the wider workforce.
- Maximum annual bonus opportunity increased from 100% of salary to up to 130% and 120% of salary for the CEO and CFO respectively. Where the shareholding guidelines have not been met, a minimum of 25% of any bonus will ordinarily be deferred into shares for two years. In other circumstances bonuses will be paid in cash.
- Maximum LTIP opportunity increased from 100% of salary to up to 150% and 130% of salary for the CEO and CFO respectively. A two-year post-vesting holding period will apply.
- Shareholding guidelines will align to the same percentage of salary as the maximum LTIP award opportunity, and so currently remain at 100% of salary, but will be increased up to 150% and 130% of salary for the CEO and CFO respectively, when and if the revised LTIP opportunities are implemented.
- Malus and clawback provisions apply to both the annual bonus and LTIP, the approach to implementation has been strengthened.

Directors' Remuneration Policy table

Component	Purpose and link to strategy	Operation	Current maximum	Proposed maximum	Performance	FY25 implementation
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Normally reviewed annually after considering the performance, role and responsibility of each Director, market conditions and the Company's performance and the level of pay across the Group as a whole. Increases normally aligned with the wider workforce but may be higher or lower in certain circumstances.	n/a	n/a	n/a	16.8% increase for CEO and 15.8% increase for CFO
Benefits	To provide market-competitive benefits package.	Benefits normally include life assurance and private medical insurance. Other benefits may also be introduced.	n/a	n/a	n/a	No change
Pension	To provide an appropriate level of retirement benefit.	Pension provision which may be paid as a pension and/or cash allowance.	10% of salary	10% of salary, reducing to 8% of salary from August 2026	n/a	Pension contribution reduced to 9% from 10%
Annual performance related bonus	To reward performance against annual targets which support the strategic direction of Group.	Awards are normally based on a combination of annual financial performance and individual business-related objectives. Awards are subject to malus/clawback provisions at the discretion of the Committee. 25% of bonus will normally be deferred into shares for two years where the Executives have not achieved their shareholding guidelines. In other circumstances the annual bonus will be paid in cash.	100% of salary	Maximum opportunities are intended to be up to: CEO: 130% of salary CFO: 120% of salary	For the FY25 annual bonus, 80% will relate to the achievement of adjusted EBITDA[1] performance criteria and the remaining 20% relating to business- related objectives, including ESG.	Policy increases will not be implemented in FY25, and the maximum opportunity remains at 100% of salary.

Component	Purpose and link to strategy	Operation	Current maximum	Proposed maximum	Performance	FY25 implementation
LTIP	To drive and reward the achievement of longer-term objectives and align management with shareholders.	Conditional shares and/or nil-cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions relating to adjusted diluted EPS growth and total shareholder return, normally over a period of three years. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/clawback provisions at the discretion of the Committee. A two-year post vesting holding period will apply.	100% of salary	Maximum opportunities are intended to be up to: CEO: 150% of salary CFO: 130% of salary	FY25 LTIP Awards will be based 50% on adjusted diluted EPS and 50% for TSR vs AIM 100 (excluding investment trusts).	Policy increases will not be implemented in FY25, and the maximum opportunity remains at 100% of salary.
Shareholding guidelines	To align management with employees and shareholders.	Executive Directors are expected to build and maintain a shareholding of 100% of salary over a five-year period.	100% of salary	Same percentage of salary as LTIP awards, up to: 150% of salary for CEO 130% of salary for CFO	n/a	Policy increases to guidelines will not be implemented in FY25.
All-employee share awards	To align management with employees and shareholders.	Awards for UK employees (including Executive Directors) will be consistent with prevailing HMRC tax favoured all-employee sharesave plans, with an equivalent arrangement for participants outside the UK.	n/a	Prevailing HMRC limits (or overseas equivalent)	n/a	New plan will be put to shareholders at the January 2025 AGM
Non-Executive Directors	The Committee determines the Chair's fee. Fees for the Non-Executive Directors are agreed by the Chair and Chief Executive.	Fees are reviewed annually taking into account the level of responsibility and relevant experience. Fees may include a basic fee and additional fees for further responsibilities and time commitments. Travel and other reasonable expenses incurred in the course of performing their duties may be reimbursed. Benefits may be introduced if appropriate.	n/a	n/a	n/a	3% increase to fees applied

The Committee reserves the right to make changes to this Policy if it considers that these are in the best interest of the business or such other circumstances as the Board see fit.

1 Adjusted EBITDA is the primary KPI Tracsis uses internally and externally to set targets and measure performance.

Service contracts

The details of the Executive and Non-Executive Directors' service contracts and appointment letters are summarised below:

	Date of contract/commencement date	Unexpired term	Notice period
Executive Directors			
Chris Barnes	04/02/19	Indefinite	6 months
Andrew Kelly	01/02/21	Indefinite	6 months
Non-Executive Directors			
Jill Easterbrook[1]	05/10/22	Indefinite	3 months
Ross Paterson	02/04/24	Indefinite	3 months
James Routh	29/09/21	Indefinite	3 months
Tracy Sheedy	01/09/23	Indefinite	3 months

1 Jill Easterbrook's service contract was amended on 1 September 2023 to reflect her appointment as Non-Executive Chair of the Group. There was no change to her notice period or unexpired term.

None of the service contracts or letters of appointments provide for any termination payments.

Directors' Remuneration Report *continued*

E. Annual Report on Remuneration

Single total figure of remuneration for Executive Directors – Voluntary disclosure

The remuneration of the Directors in respect of the year ended 31 July 2024 (and for the prior year) was as follows:

	Year	Basic salary £000	Annual bonus[1] £000	Benefits £000	Pension[2] £000	LTIP[3] £000	Total £000
Executive Directors							
Chris Barnes	**FY24**	**320**	**32**	**1**	**32**	**65**	**450**
	FY23	304	122	1	30	334	791
Andrew Kelly	**FY24**	**218**	**26**	**1**	**22**	**41**	**308**
	FY23	208	83	1	21	103	416

1 Details of the annual bonus targets, performance against the targets, and bonus awards are set out below.

2 Chris Barnes elected to exchange his employer pension contributions for a cash amount for FY23 and FY24. The quantum of this is reported within pension in the table above.

3 As LTIP awards are nominal cost options, the values disclosed above are based on the LTIP award which vested in respect of the relevant financial years. The FY24 figure includes the 2021 LTIP award which was based on three-year performance to 31 July 2024 and will vest in December 2024 at 29% of maximum. This award has been valued based on the three-month average share price to 31 July 2024 of 812p. The FY23 figure includes the 2020 award which vested based on three-year performance to 31 July 2023 at 87.5% of maximum. The award for Chris Barnes vested on 29 December 2023 and has been valued based on the share price at this date of 930p. The award for Andrew Kelly vested on 5 February 2024 and has been valued based on the share price at this date of 872p. These figures have been updated from the prior year where they were valued based on the share price on 31 July 2023.

Annual bonus for the year ended 31 July 2024

The Executive Directors were eligible to receive bonuses with a maximum opportunity of 100% of salary in respect of financial (80%) and business-related objectives (20%). Details of the performance targets and resulting bonus outcome are set out in the tables below:

Measure	Weighting (% of salary)	Threshold	Target	Stretch	Actual	Result Chris Barnes (% of salary)	Result Andrew Kelly (% of salary)
Adjusted EBITDA	80%	£14.8m	£16.4m	£18.0m	£12.8m	0%	0%
Business-related objectives	20%		See table below			10%	12%
Total	**100%**						

Business-related objectives performance

CEO – Chris Barnes

Strategic Pillar	Weighting	Payment awarded (% of salary)
Drive organic growth – delivery our pipeline, innovation and increasing annual recurring revenue	33%	6%
Enhance growth through acquisition – supplementing organic growth with value accretive acquisitions	33%	1%
Sustainability – at the heart of our purpose and products	33%	3%
Total		**10%**

CFO – Andrew Kelly

Strategic Pillar	Weighting	Payment awarded (% of salary)
Drive organic growth – delivery our pipeline, innovation and increasing annual recurring revenue	33%	7%
Enhance growth through acquisition – supplementing organic growth with value accretive acquisitions	33%	1%
Sustainability – at the heart of our purpose and products	33%	4%
Total		**12%**

The Committee considered the Executive Directors' performance against the objectives set and noted the progress during the year to deliver a programme of actions to transform the operating model to create a scalable platform for accelerated future growth. In this context, the Committee determined that the payout of 10% for the CEO and 12% for the CFO out of a maximum of 20% are appropriate.

In addition to the assessing the above financial and business-related objectives, the Committee also considered the wider shareholder experience and the performance of the individual Director when determining the extent to which annual bonuses should become payable. Based on this assessment, the Committee is satisfied that total bonus awards of 10% of salary for Chris Barnes and 12% of salary for Andrew Kelly are appropriate.

LTIP vesting in respect of three years to 31 July 2024

The table below sets out details of the performance targets, and the level of actual achievement against them in respect of the 2021 LTIP awards vesting in December 2024.

Performance measure	Weighting	Three-year performance period end	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% vesting for this part of the award
Adjusted diluted EPS	50%	31 July 2024	33.59p	47.82p	25.13p	0%
Total shareholder return versus the FTSE AIM 100 (excluding investment trusts)	50%	31 July 2024	Median	Upper quartile	Between median and upper quartile	58%

Based on the above vesting, the pre-tax value of the 8,006 nominal value options held by Chris Barnes have a value of £65,025 and the pre-tax value of the 5,094 nominal value options held by Andrew Kelly have a value of £41,373 based on the three-month average share price at 31 July 2024.

Executive Directors' share awards in the Company

Details of share awards in the Company held by the Executive Directors, all of which are structured as nominal value (0.4p) options, are as follows:

	1 August 2023	Granted	Lapsed	Exercised	31 July 2024	Date of grant	Exercisable from	Expiry date
Chris Barnes								
LTIP[1]	40,891	—	(5,111)	(35,780)	—	29/12/2020	29/12/2023	29/12/2030
LTIP[2]	27,653	—	—	—	27,653	29/11/2021	29/11/2024	29/11/2031
LTIP[3]	33,710	—	—	—	33,710	06/12/2022	06/12/2025	06/12/2032
LTIP[5]	—	36,671	—	—	36,671	04/12/2023	04/12/2026	04/12/2033
Total	**102,254**	**36,671**	**(5,111)**	**(35,780)**	**98,034**			
Andrew Kelly								
Buyout[4]	7,692	—	—	(7,692)	—	01/02/2021	01/02/2024	01/02/2031
LTIP[1]	13,482	—	(1,685)	(11,797)	—	05/02/2021	05/02/2024	05/02/2031
LTIP[2]	17,597	—	—	—	17,597	29/11/2021	29/11/2024	29/11/2031
LTIP[3]	23,015	—	—	—	23,015	06/12/2022	06/12/2025	06/12/2032
LTIP[5]	—	25,043	—	—	25,043	04/12/2023	04/12/2026	04/12/2033
Total	**61,786**	**25,043**	**(1,685)**	**(19,489)**	**65,655**			

1 Three-year performance targets are based on: 50% EPS (statutory diluted EPS for FY23 of 20.78p to 23.78p); and 50% relative TSR v FTSE AIM 100 (median to upper quartile).

2 Three-year performance targets are based on: 50% EPS (adjusted diluted EPS for FY24 of 33.59p to 47.82p); and 50% relative TSR v FTSE AIM 100 (median to upper quartile).

3 Three-year performance targets are based on: 50% EPS (adjusted diluted EPS for FY25 of 43.00p to 54.90p); and 50% relative TSR v FTSE AIM 100 (median to upper quartile).

4 Buyout award to compensate for unvested incentives forfeited from previous employer.

5 Three-year performance targets are based on: 50% EPS (adjusted diluted EPS for FY26 of 48.00p to 58.00p); and 50% relative TSR v FTSE AIM 100 (median to upper quartile).

Non-Executive Director remuneration

Non-Executive Directors	Year	Basic fee £000	Annual bonus £000	Benefits £000	Pension £000	Total £000
Jill Easterbrook[1]	**FY24**	**92**	**—**	**—**	**—**	**92**
	FY23	42	—	—	—	42
Tracy Sheedy (from 1 September 2023)	**FY24**	**50**	**—**	**—**	**—**	**50**
	FY23	—	—	—	—	—
Ross Paterson (from 2 April 2024)	**FY24**	**18**	**—**	**—**	**—**	**18**
	FY23	—	—	—	—	—
James Routh	**FY24**	**60**	**—**	**—**	**—**	**60**
	FY23	50	—	—	—	50
Liz Richards (to 30 June 2024)	**FY24**	**50**	**—**	**—**	**—**	**50**
	FY23	45	—	—	—	45
Chris Cole (to 1 September 2023)	**FY24**	**7**	**—**	**—**	**—**	**7**
	FY23	80	—	—	—	80
Lisa Charles-Jones (to 31 December 2022)	**FY24**	**—**	**—**	**—**	**—**	**—**
	FY23	19	—	—	—	19
Total	**FY24**	**277**	**—**	**—**	**—**	**277**
	FY23	236	—	—	—	236

1 Appointed Chair from 1 September 2023.

E. Annual Report on Remuneration *continued*

Directors' interests in shares

The interests (both beneficial and family interests) of the Directors in office at the date of this report in the share capital of the Company were as follows:

	Interests in ordinary shares at 31 July 2024	Interests in ordinary shares at 31 July 2023	**Interests in share-based incentive options at 31 July 2024**	Interests in share-based incentive options at 31 July 2023
Chris Barnes	**40,105**	21,125	**98,034**	102,254
Andrew Kelly	**10,324**	—	**65,655**	61,786
Jill Easterbrook	**—**	—	**—**	—
Ross Paterson	**4,814**	—	**—**	—
James Routh	**—**	—	**—**	—
Tracy Sheedy	**—**	—	**—**	—

Relative importance of spend on pay

The table below shows the Group's expenditure on shareholder distributions (including dividends) and total employee pay expenditure. Additional information on the number of employees, total revenue and underlying profit have been provided for context.

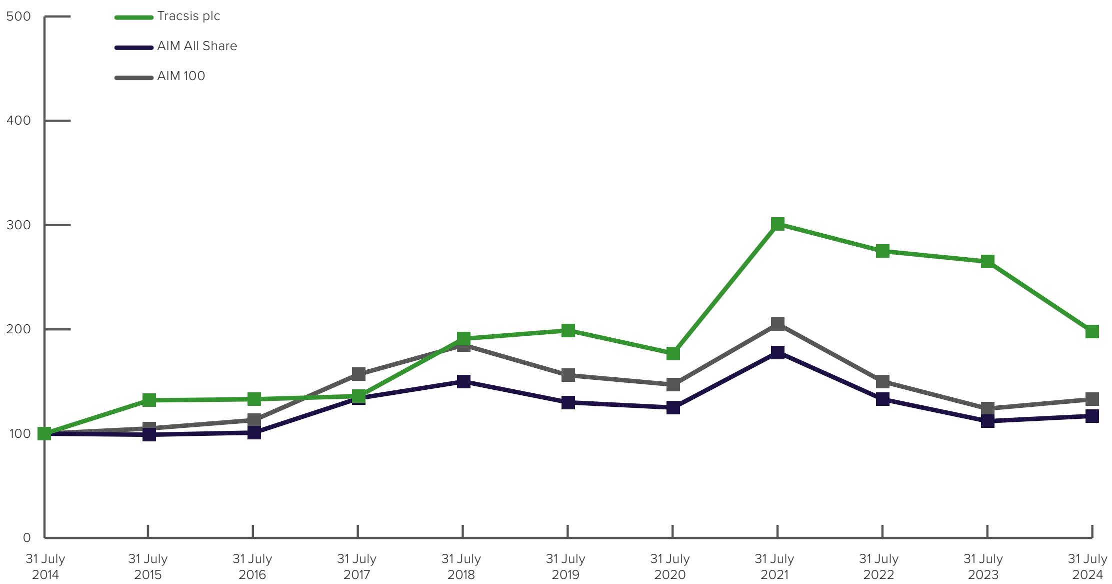
	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000	Change %
Employee expenditure	**44,420**	43,205	3%
Distributions to shareholders	**695**	628	11%
Average number of permanent employees	**573**	581	(1%)
Revenue	**81,022**	82,023	(1%)
Adjusted EBITDA	**12,759**	15,952	(20%)

Share price

The market price of the Company's shares on 31 July 2024 was 640p per share. The lowest and highest market prices during the year were 610p and 978p respectively. The average share price in the three months to 31 July 2024 was 812p.

Performance graph

The chart below shows the Company's share price (rebased) compared with the performance of the AIM 100 and AIM All Share for the 10-year period to 31 July 2024.



F. Summary of Executive Director Remuneration FY25

Component	Change/measure	CEO	CFO
Base salary	Effective 1 August 2024 CEO salary increased by 15.8% and CFO by 16.8%	£370,000	£255,000
Annual performance bonus 25% of any bonus will be deferred into shares until the revised shareholding guidelines have been met. Once the shareholding guidelines have been met the annual bonus will be paid in cash.	**80% based on adjusted EBITDA[1]** set based on the Board approved budget for FY25 and is consistent with the Group returning to delivering profitable growth in FY25 (relative to FY23 as well as FY24). Target achievement will deliver a 50% payout of the financial element of the bonus (80% overall). Maximum payout is set at 10% above target. No annual bonus will be earned for performance lower than 10% below target. **20% based on the achievement of stretching strategic and operational business objectives, which include ESG goals.**	100% of salary	100% of salary
LTIP[3] A two-year post vesting holding period to apply	Adjusted diluted EPS[2] compound annual growth rate (FY27 vs FY24) TSR ranking over performance period vs. AIM 100 excluding investment trusts	100% of salary	100% of salary
Pension	Effective 1 August 2024, reduced from 10% to 9%, will reduce to 8% of salary from August 2026	9%	9%

1 Adjusted EBITDA is earnings before net finance income, tax, depreciation, amortisation, exceptional items, other operating income and share based payment charges.

2 Adjusted Diluted EPS – Profit after tax before amortisation, exceptional items, other operating income and share based payments, divided by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares

3 Malus and clawback provision strengthened.

G. Other disclosures

Remuneration Committee

Tracsis is committed to maximising shareholder value over time. Each year the Remuneration Committee reviews the incentive and reward packages for the Executive Directors and senior managers to ensure that they remain aligned to the Group's strategic objectives and financial performance, and are appropriate to attract, retain and motivate management behaviour in support of the Company's culture and beliefs and the long-term sustainable creation of shareholder value. The Committee has formal terms of reference, a summary of which can be found in the investor section of the Group's website. The Board (excluding the Non-Executive Directors) sets the annual base fees payable to the Non-Executive Directors and they do not receive any additional benefits, nor are they eligible to participate in any pension, bonus or share-based incentive arrangements.

During the year, the Committee comprised myself as Chair, James Routh, Liz Richards (until 30 June 2024) and Ross Paterson (from 2 April 2024). Jill Easterbrook (Tracsis plc Chair), Chris Barnes (CEO), Andrew Kelly (CFO) and Katie Justin (Group People Director) may also attend by invitation. During FY24, the Committee met four times.

Independent Advisers

The Committee is also supported by Deloitte LLP, who was appointed as the Committee's independent remuneration advisers in November 2023, to provide industry-leading advice on remuneration quantum and structure, as well as developments in governance and best practice more generally. Deloitte is a founding member of the Remuneration Consultants' Group and voluntarily operates under its Code of Conduct ("the Code") in relation to executive remuneration consulting in the UK.

I hope that having read these reports you will vote in support of the resolutions for the Annual Report on Remuneration and the Remuneration Policy at our AGM in January.

Tracy Sheedy
Chair of the Remuneration Committee
19 November 2024

Letter from the Chair of the Nomination Committee

Jill Easterbrook
Chair of the Nomination Committee

Committee members

	Meetings attended
Jill Easterbrook – Chair	Attended, Attended
James Routh	Attended, Attended
Tracy Sheedy	Attended, Attended
Ross Paterson	Attended, Attendance not required
Liz Richards	Attended, Attendance not required

● Attended ○ Not attended ● Attendance not required

→ For more details about our board members, read pages 64 and 65

"This year the Nomination Committee has been focused on reviewing succession planning across the business, to ensure we have a structured approach to identifying talent and offering excellent careers to high performing individuals."

Dear stakeholder

It is my pleasure to make my report as Chair of the Nomination Committee. This report is intended to give an account of the Committee and its activity. during the year The core responsibilities of the Committee are succession planning and appointments at Board level, and oversight of appointments and succession planning across the business.

At 31 July 2024, the Committee met twice and comprised myself as Chair, James Routh, Tracy Sheedy and Ross Paterson. Chris Barnes and Andrew Kelly attend by invitation only.

Board changes

During the year, the Committee has spent time evaluating medium and long-term Board composition and succession and the skills and experience needed to deliver the Group's strategy. In April 2024, after an extensive search, Ross Paterson joined the Board of Directors. Ross is an immensely capable individual who has substantial experience in finance, having been a former finance executive at Stagecoach and Non-Executive Director at Virgin Rail. Ross brings with him not only a wealth of technical finance knowledge, but also rail industry knowledge.

In June 2024, Liz Richards stepped down from the Board as part of a planned succession exercise. Liz was a Non-Executive Director and Chair of the Audit & Risk Committee and her knowledge of the business was of immense value to me personally, when I took over as Chair in September 2023. Following Liz stepping down from the Board, Ross Paterson was appointed Chair of the Audit & Risk Committee.

Succession planning

During the year, the Committee has been evaluating succession planning for key roles within our business, to ensure the business can both remain robust, but also identify high calibre individuals for whom we can offer excellent careers. All too often succession planning focuses on the most senior employees, and while this is of course important, the Committee has asked that our approach be widened to include employees who perhaps are just starting out in their careers and who we assess have high potential. This means we will be able to offer a defined career, having identified both the individuals and types of role that they might occupy in the future.

Looking ahead

Our succession planning activities have been embraced by our Executives, and the Committee will give particular emphasis in the forthcoming year to ensuring that we nurture high quality individuals from early in their careers to provide them with excellent opportunities in the future.

The Committee will also continue to review the Board composition, to ensure its skills and demographic balance remain appropriate for the business and I look forward to providing you with our progress in a future report.

Jill Easterbrook
Chair, Nomination Committee
19 November 2024

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 July 2024.

Tracsis plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom and under the Companies Act 2006. The address of the Company's registered office is Nexus, Discovery Way, Leeds, United Kingdom, LS2 3AA.

The Company is quoted on AIM, part of the London Stock Exchange.

The Group financial statements were authorised for issue by the Board of Directors on 19 November 2024.

Further information on the activities of the business, the Group strategy and an indication of the outlook for the business are presented in the Chair's Statement, the Chief Executive Officer's Review, and the Strategy and Business Model sections of the report. The Corporate Governance Statement included on pages 66 and 67 forms part of the Directors' Report.

Financial results

Details of the Group's financial results are set out in the consolidated statement of comprehensive income, other primary statements and in the notes to the consolidated financial statements on pages 93 to 122.

Dividends

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 (2023: 1.2 pence per share). The final dividend, subject to shareholder approval at the 2024 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 (2023: 2.2 pence per share).

Directors

The Directors who serve on the Board and on Board Committees during the year are set out on pages 64 and 65.

Under current the Articles of Association of the Company, one-third of the Directors (excluding those being elected for the first time by shareholders) are subject to retirement by rotation at the forthcoming Annual General Meeting ("AGM"), notice of which accompanies this report and accounts. The Company's current Articles of Association also require any person who has been appointed as a Director since the date of the Company's last AGM to retire at the next AGM following their appointment. The Board considers it appropriate for all Directors to retire and stand for re-election on an annual basis, which is in accordance with the QCA Code. All other Directors will retire and offer themselves for election or re-election to the Board at the forthcoming AGM. The Board is satisfied that each of these Directors continues to be effective and to demonstrate commitment to the Company.

Information in respect of Directors' remuneration is given in the Directors' Remuneration Report on pages 68 to 77.

Directors' shareholdings

Directors' beneficial interests in the shares of the Company, including family interests, at 31 July 2024 and 2023 were as follows:

	31 July 2024		31 July 2023	
	Number of shares	**% of issued share capital**	Number of shares	% of issued share capital
Chris Barnes	**40,105**	**0.13**	21,125	0.07%
Andrew Kelly	**10,324**	**0.03**	—	—
Jill Easterbrook	**—**	**—**	—	—
James Routh	**—**	**—**	—	—
Tracy Sheedy	**—**	**—**	—	—
Ross Paterson	**4,814**	**0.02**	N/A	N/A

None of the Directors had any interests in the share capital of subsidiaries. Further details of share options held by the Directors are set out in the Directors' Remuneration Report.

Substantial shareholdings

At 31 October 2024, being the latest practicable date prior to the publication of this document, the Company has been advised of the following shareholdings of 3% or more in the issued share capital of Tracsis plc:

	Number of shares	**% of issued shares**
Investec Wealth & Investment	2,641,270	8.70
Charles Stanley	2,414,800	7.96
Schroder Investment Management	1,824,000	6.01
Unicorn Asset Management	1,800,000	5.93
Rathbones	1,655,267	5.45
BGF	1,127,420	3.71
Canaccord Genuity Wealth Management	1,046,500	3.45

Payment of suppliers

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed in advance, providing all trading terms and conditions have been met. All payments are made in the ordinary course of business and the Group expects to pay all supplier debts as they become due.

Trade payable days for the Group at 31 July 2024 were 71 days (2023: 64 days).

Our approach to engagement with customers and suppliers is detailed further in the Section 172 Statement on page 32.

Directors' report *continued*

Research and development

Development costs of £0.5m (2023: £0.3m) have been capitalised in relation to new product development activity. Research and development activity during the year has focused on the 'Hopsta' smart ticketing app ahead of completing the first pilot deployment of this technology in the UK, and on Digital Track Warrant which is a unique addition to our Train Dispatch solution offering in North America.

During the year the Group substantially completed other research and development activities across its UK product portfolio. Total research and development costs were therefore lower than in previous years, with those resources mainly allocated to product deployment activities. It is currently evaluating a pipeline of next generation product development opportunities.

Financial instruments

Details of the Group's exposure to financial risks are set out in note 23 to the financial statements.

Employment policy

It is the policy of the Group to operate a fair employment policy. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely on merit. The Directors encourage employees to be aware of all issues affecting the Group and place considerable emphasis on employees sharing in its success through its employee share option schemes. In addition, the Group is committed to training courses, with a number of staff undertaking apprenticeships and other technical training, and is also committed to career development and internal promotion where possible within the Group. Further details on employee engagement are provided in the Section 172 Statement on page 32.

Environment

The Group adheres to all environmental regulations and has, where possible, utilised environmental-sustaining policies such as recycling and waste reduction. Further details of the Group's environmental, social and governance strategy are provided on pages 34 to 53. The Group is classed as large under the Companies Act 2006 and therefore falls under the scope of the Streamlined Energy & Carbon Reporting ("SECR") requirements. The Group is exempt from disclosure related to SECR as no individual UK registered subsidiary is a large company and the parent company itself consumes less than 40,000 KWH of energy per year. The Group has voluntarily reported SECR disclosures for all operations on page 41.

Future business developments

Details of these are provided in the Strategic Report, and the Chief Executive Officer's Review on pages 16 to 21.

Significant contracts

There are a number of significant contracts in operation across the Group.

- Tracsis plc has some large contracts with Train Operating Companies from which it derives significant amounts of revenue;
- MPEC Technology Limited has a significant Framework Agreement with a major railway infrastructure provider, from which it has historically derived a significant amount of business;
- Tracsis Traffic Data Limited has a significant contract with a major worldwide engineering consultancy company from which it has historically derived a significant amount of business;
- Ontrac Limited has a large contract with a major railway infrastructure provider, from which it derives a significant amount of business;
- Tracsis Events Limited has a number of significant, multi-year contracts with a number of key clients;
- Compass Informatics Limited has a range of contracts with government bodies and private sector organisations;
- iBlocks Limited has some significant contacts with Train Operating Companies and also industry association bodies; and
- RailComm LLC has a number of large contracts with North American rail and infrastructure operators.

Auditor

A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

Provision of information to auditor

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of its audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Anti-bribery and corruption

The Group is committed to conducting business with honesty and integrity. We have a policy on anti-bribery and corruption measures that sets out a zero-tolerance approach to these matters, and identifies the responsibilities and behaviours expected of all Tracsis employees in this regard.

Third party indemnity provisions

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Events after the balance sheet date

On 8 November 2024, the Company announced a change in nominated adviser from Cavendish Capital Markets Limited to Joh. Berenberg, Gossler & Co. KG.

By order of the Board

Jan David Mitson
Company Secretary
19 November 2024

Nexus, Discovery Way
Leeds LS2 3AA
United Kingdom

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the parent company and Group for that period. Note that where the exemption has been taken under Section 408 of the Companies Act 2006 not to publish the parent company's profit and loss account, section 408(3) states that the Directors must still prepare and approve the parent company's profit and loss account even though it is not published. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, and prudent;
- for the Group financial statements, state whether applicable UK-adopted International Accounting Standards in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the parent company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the parent company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Tracsis plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Tracsis plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2024, which comprise the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement, the notes to the Consolidated financial statements, including a summary of significant accounting policies, the Company balance sheet, the Company statement of changes in equity and notes to the Company balance sheet, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging management's assessment of the use of the going concern basis for the group and their reasonable downside scenario and reverse stress test calculations;
- Assessing management's forecasts to 31 December 2025 and challenging the key assumptions made by management in producing these forecasts;
- Reviewing and challenging management's forecasts for consistency with other forecasts provided during our audit procedures;
- Performing a stand-back assessment of historical forecasting accuracy and challenging management on any historical forecasting inaccuracies to determine if these are indicative of management bias;
- Performing a sensitivity analysis of the forecasts produced by management to determine what would break the forecasts and the likelihood of such a situation occurring;
- Reviewing post-year end trading, including performing sensitivity analysis over the forecasts, and performing an assessment of management's mitigations; and
- Inspecting and challenging the disclosures made in the financial statements in respect of going concern to determine whether they are appropriate.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflationary pressures and the potential impact of the recent change in UK government, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our approach to the audit

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

GrantThornton

Overview of our audit approach

Overall materiality:

Group: £387,000, which represents 0.5% of the group's revenue.

Parent company: £1,070,000, which represents 1% of the parent company's total assets.

Key audit matters were identified as:

- Valuation of goodwill and other intangible assets in the Rail Tech North American ("RTNA") CGU (same as previous year).

Our auditor's report for the year ended 31 July 2023 included no key audit matters that have not been reported as key audit matters in our current year's report.

Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements, specifically:

- Group revenue 80%
- Group profit before tax 78%

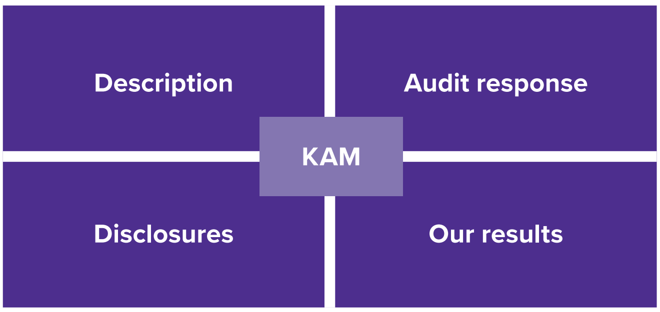
We performed an audit of the financial information of two components using component materiality (full-scope audit) and an audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for seven components assessed to be material.

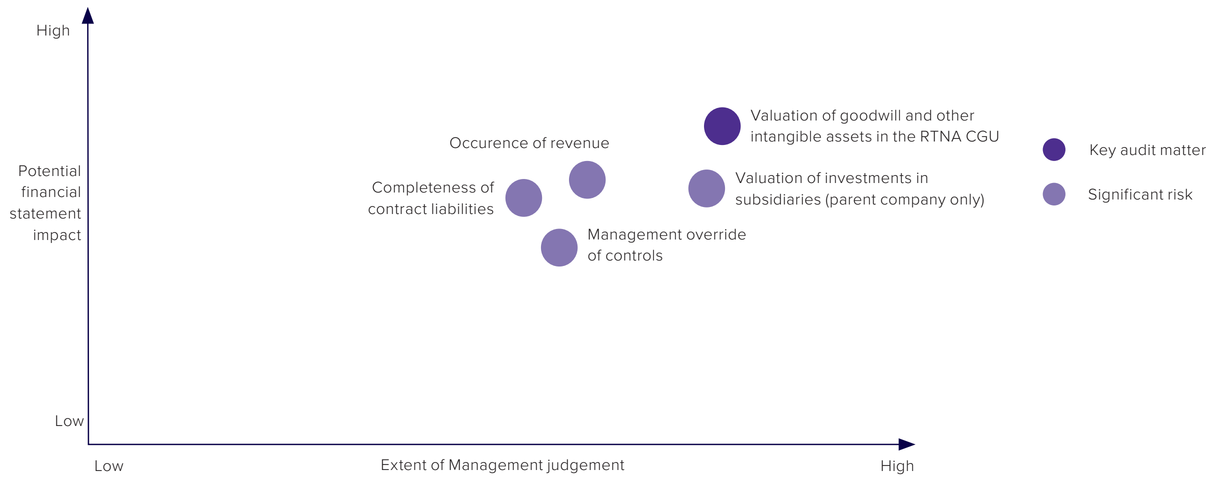
We performed analytical procedures at group level (analytical procedures) on the financial information of all the remaining group components and performed tests on material balances where appropriate.

Key audit matters

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

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.





Independent auditor's report to the members of Tracsis plc *continued*

Our approach to the audit *continued*

Key audit matters *continued*

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of goodwill and other intangible assets in the RTNA CGU We identified valuation (impairment) of goodwill and other intangible assets in relation to the RTNA cash-generating unit ("CGU") as one of the most significant assessed risks of material misstatement due to error. The group recorded goodwill and other intangible assets with a carrying value of £52.6 million as at 31 July 2024 (2023: £57.7 million) of which £10.6 million is allocated to RTNA. There is an increased risk that goodwill and other intangibles held by the group should be impaired in accordance with International Accounting Standard ("IAS") 36 'Impairment of Assets'. This is because of the high level of estimation uncertainty in assessing the future performance of each CGU using operating cash flows and long-term growth rates and also in assessing the appropriate discount rate to apply in calculating the value-in-use ("VIU") of the CGU. We have identified a significant risk over the valuation of the RTNA CGU due to the underperformance against forecast in the current year and high levels of growth assumed, and the attendant impact on headroom in a sensitised VIU calculation.	In responding to the key audit matter, we performed the following audit procedures: • Assessed the design and implementation of relevant controls associated with the valuation of goodwill and other intangible assets; • Evaluated whether the assets and liabilities of the group are allocated to the CGUs appropriately and challenged whether the CGUs identified are appropriate; • Utilised internal valuation experts to independently determine a weighted average cost of capital ("WACC") for each CGU; • Assessed the competence, capability and objectivity of management's expert, engaged to determine a weighted average cost of capital ("WACC") for each CGU, by reference to their qualifications and experience; • Assessed and challenged management's impairment review, corroborating recurring revenue to contracts and specific pipeline contracts to correspondence and other evidence, including comparing to historic performance of similar contracts. We also determined whether appropriate costs are included or excluded, and that the methodology used is in accordance with the requirements of IAS 36; • Assessed management's sensitivity analysis of the forecast cash flows, long-term growth rates and discount rates and determined their impact on the carrying value of intangible assets; • Evaluated historical forecasting accuracy by comparing results achieved in prior years to budgets; and • Assessed whether the disclosures included for headroom sensitivities are appropriate and whether the accounting policy is in accordance with IAS 36.
Relevant disclosures in the Annual Report Financial statements: Note 4, Critical Accounting Estimates and Judgements. Note 13, Intangible Assets	**Our results** Based on our audit work, we did not identify material misstatements in the impairment of goodwill and other intangible assets in the RTNA CGU as at 31 July 2024.

Our approach to the audit *continued*

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£387,000 (2023: £285,000), which represents 0.5% of revenue (2023: 5% of adjusted profit before tax). The range of component materialities used across the group was £213,000 to £380,000.	£1,070,000 (2023: £983,000), which represents 1% of total assets (2023: 1% of total assets).
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • Revenue is considered to be the most appropriate benchmark for the group due to it being a key performance indicator for the group's stakeholders and being less volatile than earnings for the group. Materiality for the current year is higher than the level that we determined for the year ended 31 July 2023 due to a change in benchmark from adjusted profit before tax to revenue and because the prior year materiality was based on projected results at the planning stage rather than those reported.	In determining materiality, we made the following significant judgements: • Total assets is considered to be the most appropriate benchmark for the parent company as it is primarily a holding company and the level of trade generated fluctuates year-on-year such that revenue and profit before tax are volatile benchmarks. Materiality for the current year is higher than the level that we determined for the year ended 31 July 2023 to reflect an increase in total assets. The parent company materiality is solely for the purposes of the parent company statutory audit. A lower component materiality has been used in respect of the parent company for the group financial statements audit.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£271,000 (2023: £214,000), which is 70% (2023: 75%) of financial statement materiality.	£749,000 (2023: £737,000), which is 70% (2023: 75%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered the following significant factors: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The nature, size and volume of misstatements identified in the previous audit. The reduction in performance materiality in the current year reflects an increase in the number of deficiencies and adjustments identified in the prior year.	In determining performance materiality, we considered the following significant factors: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The nature, size and volume of misstatements identified in the previous audit. The reduction in performance materiality in the current year reflects an increase in the number of deficiencies and adjustments identified in the prior year.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Identified related party transactions outside of the normal course of business	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Identified related party transactions outside of the normal course of business
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£19,000 (2023: £14,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds	£54,000 (2023: £49,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. This amount is solely for the purposes of the parent company statutory audit. A lower amount has been used in respect of the parent company for the group financial statements audit.

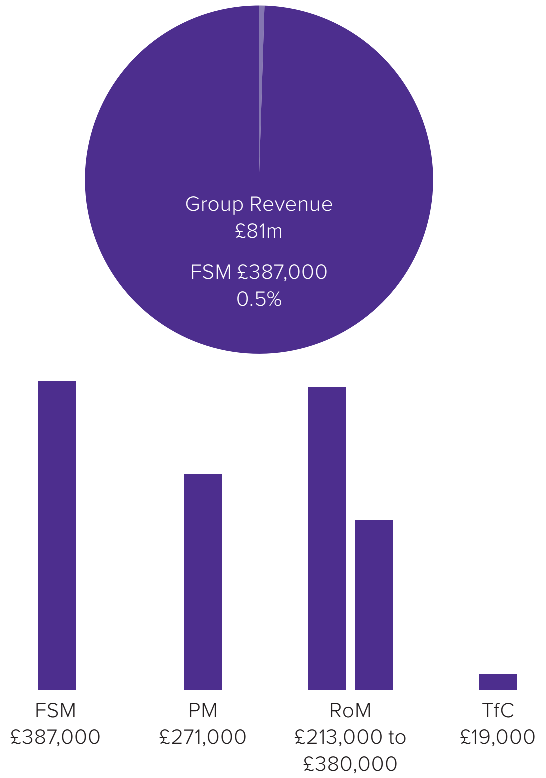
Independent auditor's report to the members of Tracsis plc *continued*

Our approach to the audit *continued*

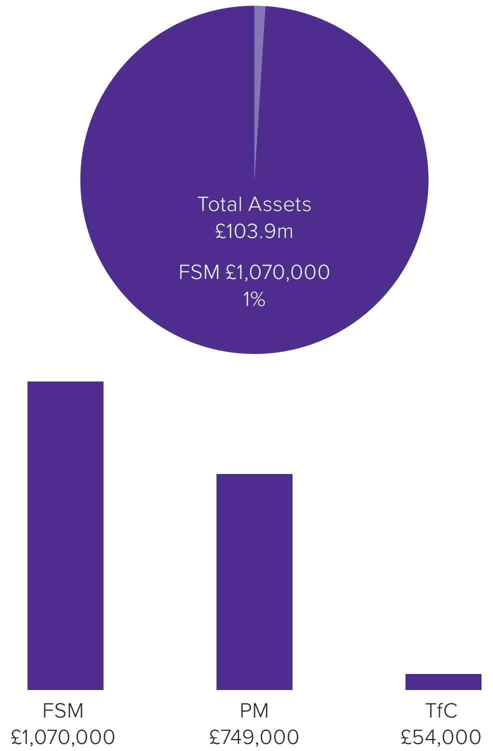
Our application of materiality *continued*

The graph below illustrates how performance materiality and the range of component materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality – Group



Overall materiality – Parent



FSM: Financial statement materiality, PM: Performance materiality, RoM: Range of materiality at 10 components, TfC: Threshold for communication to the audit committee

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;
- The engagement team obtained an understanding of the group's organisational structure and considered its impact on the scope of the audit, including assessing the level of centralisation of the group control function;
- The engagement team obtained an understanding of the process used for the new system implementation and performed an audit of data migration activity and results; and
- The engagement team performed walkthroughs of key areas of focus, including significant risks and other significant classes of transactions, in order to confirm understanding of the control environment across the group.

Identifying significant components

- The engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the group's revenue and profit before tax, and by considering qualitative factors, such as the component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Audits of the financial information of the component using component materiality (full scope audit) procedures were performed on the financial information of two components. These procedures included a combination of tests of detail and analytical procedures. The key audit matter was tested as part of our work at a group level rather than in a specific component;
- Audits of one of more account balances, classes of transactions or disclosures of the component (specific scope audit) procedures were carried out on a further seven components. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the group's financial statement line items; and
- For the twelve components that were not individually significant to the group, or assessed as requiring specific scope audits, analytical procedures were carried out at group level.

Our approach to the audit *continued*

An overview of the scope of our audit *continued*

Performance of our audit

- The going concern assessment was tested as part of our work at both a group and parent company level;
- The Key Audit Matter – Valuation of goodwill and other intangible assets in the RTNA CGU – relates to balances arising on consolidation and was addressed by the group audit procedures;
- The group engagement team performed the full-scope and specific-scope audit procedures across the UK and US components in line with the scope described above. The group engagement team visited the US subsidiary to perform the specific-scope audit work on this entity;
- The group engagement team engaged a component auditor in Ireland to conduct audit procedures at the Irish component; and
- As part of planning procedures, an evaluation was completed over the group's internal control environment including its IT systems and controls to inform our risk assessment. Our audit testing approach was wholly substantive.

Audit approach	No. of components	% coverage of group revenue	% coverage of group profit before tax
Full-scope audit	2 (2023: 2)	37% (2023: 32%)	12% (2023: 12%)
Specific-scope audit	7 (2023: 8)	43% (2023: 50%)	66% (2023: 76%)
Analytical procedures	12 (2023: 14)	20% (2023: 18%)	22% (2023: 12%)
Total	21 (2023: 24)	100%	100%

Communications with component auditor

- The engagement team issued group instructions to, and met with, the component auditor in Ireland and reviewed the work performed by them during the planning, fieldwork and completion stages of the audit.

Changes in approach from previous period

- There has been a decrease in the number of specific scope components. This is due to changes in the relative contribution of the components in scope.

Other information

The other information comprises the information included in the Annual Report and Accounts 2024, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts 2024. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 81, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of Tracsis plc *continued*

Other information *continued*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and determined that the most significant are applicable law and UK-adopted international accounting standards (for the group), United Kingdom Generally Accepted Accounting Practice (for the parent company) and relevant tax regulations;
- We corroborated our understanding of the legal and regulatory framework applicable to the entity by discussing relevant frameworks with group management and component management and obtaining correspondence with relevant parties and reviewing Board minutes;
- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries that were posted by senior finance personnel or that reclassified costs within the consolidated statement of comprehensive income to increase earnings before interest;
  - Material post-close journal entries;
  - Material transactions to revenue accounts from an unexpected general ledger code;
  - Potential management bias in determining accounting estimates, especially in relation to their assessment of the valuation of goodwill and other intangible assets; and
  - Transactions with related parties outside of the normal course of business.
- Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Journal entry testing, in particular those journals determined to be in respect of our principal risk documented above; and
  - Challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the group and the parent company operate; and
  - Understanding of the legal and regulatory requirements specific to the group and the parent company.
- We issued engagement team communications in respect of potential non-compliance with laws and regulations and fraud including the potential for fraud in revenue recognition through manipulation of deferred income.
- We requested that the component auditor inform us of any instances they identify of non-compliance with laws and regulations that might give rise to a risk of material misstatement of the group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Mark Overfield BSc FCA

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
19 November 2024

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

	Notes	2024 £000	2023 £000
Revenue	5.1	**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*	5.2, 28	**12,759**	15,952
Depreciation	12	**(2,371)**	(2,110)
Amortisation of intangible assets	13	**(5,526)**	(5,599)
Other operating income	8.4	**7**	350
Share-based payment charges	7	**(899)**	(1,248)
Operating profit before exceptional items		**3,970**	7,345
Exceptional items	8.3	**(3,003)**	(90)
Operating profit	8	**967**	7,255
Net finance income/(expense)	9	**28**	(119)
Profit before tax		**995**	7,136
Taxation	10	**(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	11	**1.62p**	22.81p
Diluted	11	**1.59p**	22.30p

* Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges– see note 28.

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet

as at 31 July 2024

Company number: 05019106

	Notes	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	12	**4,992**	4,789
Intangible assets	13	**52,610**	57,694
Investments – equity	14	**—**	—
Deferred tax assets	20	**1,376**	650
		58,978	63,133
Current assets			
Inventories	15	**1,512**	1,465
Trade and other receivables	17	**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	16	**737**	953
Contingent consideration payable	19	**—**	139
Deferred tax liabilities	20	**7,132**	7,161
		7,869	8,253
Current liabilities			
Lease liabilities	16	**1,123**	1,137
Trade and other payables	18	**25,498**	23,435
Contingent consideration payable	19	**151**	—
Deferred consideration payable	19	**—**	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	21	**121**	120
Share premium	22	**6,535**	6,535
Merger reserve	22	**6,161**	6,161
Retained earnings	22	**55,567**	54,875
Translation reserve	22	**(165)**	130
Fair value reserve	22	**(50)**	(50)
Total equity		**68,169**	67,771

The financial statements on pages 89 to 133 were approved and authorised for issue by the Board of Directors on 19 November 2024 and were signed on its behalf by:

Chris Barnes
Chief Executive Officer

Andrew Kelly
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.

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 27)	—	—	—	(695)	—	—	(695)
Share-based payment charges	—	—	—	899	—	—	899
Exercise of share options (notes 7, 21)	1	—	—	—	—	—	1
At 31 July 2024	**121**	**6,535**	**6,161**	**55,567**	**(165)**	**(50)**	**68,169**

Details of the nature of each component of equity are set out in notes 21 and 22.

The accompanying notes form an integral part of these financial statements.

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	9	**(28)**	119
Depreciation	12	**2,371**	2,110
(Profit)/loss on disposal of property, plant and equipment	8.1	**(15)**	9
Non-cash exceptional items	8.3	**274**	90
Payment of contingent consideration	19	**—**	(1,661)
Other operating income	8.4	**(7)**	(350)
Amortisation of intangible assets	13	**5,526**	5,599
Income tax charge	10	**507**	329
Share-based payment charges	7	**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	13	**(462)**	(300)
Payment of contingent consideration	19	**—**	(7,591)
Cash held in escrow for payment of contingent consideration	19	**—**	2,233
Payment of deferred consideration	19	**(315)**	(315)
Net cash flow used in investing activities		**(2,023)**	(7,487)
Financing activities			
Dividends paid	27	**(695)**	(628)
Proceeds from exercise of share options		**1**	100
Lease liability payments	16	**(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

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

1 Reporting entity

Tracsis plc ("the Company") is a public company incorporated, domiciled, and registered in England in the United Kingdom. The registered number is 05019106 and the registered address is Nexus, Discovery Way, Leeds LS2 3AA. The consolidated financial statements of the Company for the year ended 31 July 2024 comprise the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

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"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These parent company statements are presented after the notes to the consolidated financial statements.

(b) Basis of measurement

The accounts have been prepared under the historical cost convention, with the exception of 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.

Judgements made by management in the application of IFRSs that have a significant effect on the Group financial statements and estimates with a significant risk of material adjustment in future years are disclosed in note 4

(e) Accounting developments

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("IFRSs"). The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated.

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" and
- 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 and
- 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 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiary companies have been changed where necessary to align them with the policies adopted by the Group. The Group entities included in these consolidated financial statements are those listed in note 26. All intra-group balance and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

Notes to the consolidated financial statements *continued*

3 Significant accounting policies *continued*

(b) Revenue recognition

The Group applies IFRS 15 "Revenue from Contracts with Customers". IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised.

The Group derives revenue from software licensing and bespoke development work, post-contract customer support, sale of hardware and condition monitoring technology, consultancy and professional services, traffic data collection and capture, passenger counting, plus event planning, parking and traffic management services.

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies. Revenue is recognised when the performance obligation in the contract has been performed (either at a "point in time" or "over time" as control is transferred to the customer). Consideration received in advance of the performance obligation being satisfied by the Group is included as a contract liability on the balance sheet and is presented within current liabilities when it is expected to be settled within the normal operating cycle. The majority of the contract liability balance relates to licenses, and support and maintenance which are billed in advance. The performance obligation is settled straight line across the period. A contract asset is recognised when the Group has a right to consideration for goods or services which have been transferred to the customer but have not been billed, therefore excluding receivable balances. Contract assets typically relate to contracts where work has been performed but has not been invoiced to the customer, and are included within unbilled receivables within note 17. An asset is recognised in accordance with IFRS 15:95 in relation to costs associated with incomplete performance obligations where the costs relate directly to the contract and can be specifically identified, the costs generate or enhance resources of the Group and the costs are expected to be recovered. Adjustments are made to allocate discounts relative to the stand-alone selling price of each performance obligation. The Group adjusts the transaction price for the time value of money where the period between the transfer of the promised service to the client, and the payment by the client exceeds one year.

The details of the significant accounting policies under IFRS 15 are set out below for each of the two operating segments within the Group.

Rail Technology & Services

Revenue stream	Recognition policy
Software – perpetual and non-cancellable annual software licences, and support and maintenance services associated with these licences	The criteria under IFRS 15 have been considered to assess whether the software licences and support and maintenance are distinct performance obligations. As the support and updates do not make changes to the software that are so fundamental that the software would not be able to operate without them, they are considered distinct. The Group recognises the revenue from the sale of perpetual and non-cancellable annual software licences at the time that the licence is made available to the customer as it is considered that control passes at that point in time. Additionally, the Group does not undertake activities that significantly affect the licence after the point at which it was provided to the customer. Revenue related to ongoing support and periodic updates is recognised over the licence period as the Group is unable to predict at inception of the licence when the support and updates will be required to be provided to the customer. As such, control is considered to transfer with the passage of time. The allocation of the transaction price between the two performance obligations included in the contract is based on an expected cost plus margin approach as the stand-alone selling price is not observable.
Software as a service, and support services associated with these licences	Under IFRS 15 two distinct performance obligations have been identified for these contracts: • hosted software licences; and • maintenance and support. Revenue from the provision of the hosted software licence is recognised evenly over the period in which the licence is hosted by the Group. This policy reflects the continuous transfer of the service to the customer throughout the contracted licence period. For renewals of hosted licences, the revenue is recognised over the period of the contract. Revenue related to ongoing support and periodic updates is recognised evenly over the licence period as the Group is unable to predict at inception of the licence when the support and updates will be required to be provided to the customer.
Bespoke software development work	Revenue in relation to bespoke development work is recognised on completion of the work in those contracts where it is considered that control of the work does not pass until all development work has been completed. Bespoke development work does not create an asset with an alternative use to the Group and in those contracts where the Group does have an enforceable contractual right to payment for performance completed to date revenue is recognised over time using an input or output method as appropriate to the contract.
Hardware	The Group has identified one performance obligation in relation to the sale of hardware items, being delivery to the customer, which is considered the point in time that control passes and revenue is recognised. Hardware items are also sometimes sold to the customer alongside a licence for condition monitoring software; however, the licence is considered to be distinct from the hardware under IFRS 15 as the two can be sold and used separately from each other. The transaction price is allocated to the components of the contract based on an adjusted market assessment approach. Provision is made for any returns by customers and is recognised as a refund liability within other payables with any corresponding return asset recognised within other receivables. A twelve-month warranty is typically provided for remote condition monitoring hardware.

3 Significant accounting policies *continued*

(b) Revenue recognition *continued*

Data, Analytics, Consultancy & Events

Revenue stream	Recognition policy
Traffic data collection and capture and passenger counting	Revenue from traffic data collection and capture and passenger counting services deliverables is recognised on the provision of the contract deliverable(s) as agreed with the customer, unless there is an enforceable right to payment under the contract, in which instance revenue would be recognised over the completion of the project based on actual costs compared to expected total project costs, an input method under IFRS 15.
Event planning, parking and traffic management services	There is considered to be one performance obligation in the completion of event planning, parking and traffic management, which is the completion of the service, and this is satisfied upon completion of the service, being at a point in time.
Consultancy services	Consultancy service contracts are either contracted on a time and materials basis, or as fixed fee contracts. Time and materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date. Fixed fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment, an output method under IFRS 15. In contracts where there is no enforceable right to payment for performance completed to date, revenue is recognised on completion of the contracted deliverables.

(c) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Items of property, plant and equipment are carried at depreciated cost.

Depreciation is provided on all items of property, plant and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings (excluding land): 4% on cost

Computer equipment: 33 1/3% on cost

Office fixtures and fittings: 10%–20% on cost

Motor vehicles: 20%–25% per annum reducing balance basis

(d) Intangible assets

Goodwill

Goodwill arising on acquisitions comprises the excess of the fair value of the consideration for investments in subsidiary undertakings over the fair value of the net identifiable assets acquired at the date of acquisition. Adjustments are made to assess the fair value of net identifiable assets and liabilities in accordance with International Financial Reporting Standards. The costs of integrating and reorganising acquired businesses are charged to the post-acquisition income statement. Goodwill arising on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In the year ended 31 July 2024 changes were made to the Group's internal management and reporting structure with performance reported and appraised at the level of four groups of cash-generating units ("CGUs") as set out in note 13. Goodwill is allocated to these groups of CGUs for the purpose of impairment testing. Each of those groups of CGUs represents the lowest level within the Group at which the associated level of goodwill is monitored for management purposes and is no larger than the operating segments determined in accordance with IFRS 8 "Operating Segments".

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the group of CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. When the recoverable amount of the group of CGUs is less than the carrying amount including goodwill, an impairment loss is recognised. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Business combinations

The Group has applied IFRS 3 "Business Combinations" in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the consolidated financial statements *continued*

3 Significant accounting policies *continued*

(d) Intangible assets *continued*

Business combinations *continued*

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Subsequent changes to the fair value of the contingent consideration are recognised in operating profit or loss as such changes are primarily as a result of operating performance. Settlement of contingent consideration is included within investing activities in the statement of cash flows to the extent that it relates to the fair value of assets acquired and within operating activities to the extent that it relates to conditions and events after the acquisition date which have been recognised in profit and loss.

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets, primarily customer relationships and technology-related assets, acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using a straight-line method over the estimated useful life of the assets of 5 to 20 years for customer-related assets, 10 years for technology-related assets, 5 years for order book assets and 8 years for marketing-related assets. Impairment and amortisation charges are included within operating expenditure in the income statement.

(e) Impairment of property, plant and equipment

Where an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount (higher of fair value less cost to sell and value in use of an asset) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

(f) Research and development costs

Expenditure on internally developed products is capitalised as an intangible asset if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure meeting these criteria is recognised within technology-related intangibles.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

(g) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement; gains and losses

Financial assets at FVTPL – these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

3 Significant accounting policies *continued*

(g) Financial instruments *continued*

ii) Classification and subsequent measurement *continued*

Financial liabilities and equity *continued*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Impairment

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost and debt investments measured at FVOCI. The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as twelve-month ECL.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(h) Taxation

The tax on the profit or loss for the year represents current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. The principal temporary differences arise from amortisation on acquired intangible assets arising in business combinations, depreciation on property, plant and equipment and share options granted by the Group to employees and Directors. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Where the deferred tax asset recognised in respect of share-based payments would give rise to a credit in excess of the related accounting charge at the prevailing tax rate, the excess is recognised directly in equity. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset only if certain criteria are met. Offset occurs where the Group has the legal right to settle current tax amounts on a net basis, and the deferred tax amounts are levied by the same tax authority on the same entity.

(i) Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s financial statements in the period in which the dividends are approved by the Company’s shareholders, or in the case of interim dividends, when paid.

(j) Leases

The Group has applied IFRS 16 “Leases” throughout the financial year. For any new contracts entered into the Group considers whether a contract is, or contains, a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct how, and for what purpose, the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

Notes to the consolidated financial statements *continued*

3 Significant accounting policies *continued*

(j) Leases *continued*

Measurement and recognition of leases as a lessee *continued*

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(k) Employee benefits

Wages, salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

(l) Share-based payments

The Group issues equity-settled share-based payments to certain employees (including Directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest due to non-market-based vesting conditions.

Directors' LTIPs and senior managers' LTIPs have two conditions attached – adjusted diluted earnings per share ("EPS" – non-market condition) and total shareholder return ("TSR" – market condition). An assessment of the fair value is made when the options are granted and in respect of TSR/market conditions, no further adjustment is made regardless of whether the conditions are met or not.

In respect of share options which are not linked to TSR, which is the vast majority of share options for staff including EMI options and discounted LTIP, the fair value of the option is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met. Service conditions are time based, with full vesting achieved over a three-and-a-half-year period and partial vesting at the first, second and third anniversary of award.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately.

(m) Retirement benefits

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

(n) Exceptional items

Items which are significant by virtue of their size or nature and/or which are considered non-recurring are classified as exceptional operating items. Such items, which include for example costs relating to Group reorganisation, acquisitions, changes in fair value of contingent consideration, unwind of discounting of contingent consideration, any goodwill impairments and profit/loss on disposal, are included within the appropriate consolidated income statement category but are highlighted separately. Exceptional operating items are excluded from the profit measures used by the Board to monitor underlying performance and from the Directors' and senior managers' LTIPs.

(o) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

(q) Operating segments

The Group has divided its results into two segments being "Rail Technology & Services" and "Data, Analytics, Consultancy & Events". The level of disclosure of segmental and other information is determined by such assessment. Further details of the considerations made and the resulting disclosures are provided in note 5 to the financial statements.

(r) Inventories

Inventories are measured at the lower of cost and net realisable value. Provision is made for slow moving and obsolete inventories on a line-by-line basis. The cost of inventory is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(s) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences that relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(t) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on acquisition) are translated using exchange rates at the balance sheet date. The components of shareholders' equity are stated at historical value. An average exchange rate for the period is used to translate the results and cash flows of foreign operations.

Exchange differences arising on translating the results and net assets of foreign operations are taken to the translation reserve in equity until the disposal of the investment. The gain or loss in the income statement on the disposal of foreign operations includes the release of the translation reserve relating to the operation that is being sold.

3 Significant accounting policies *continued*

(u) Investments

Investments are carried at fair value with changes in fair value recognised through other comprehensive income, accumulated in a separate reserve in equity.

Where it is deemed that the Group has a significant influence over the investment, then the investment will be accounted for as an associated undertaking under the equity method.

(v) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(w) Cost of sales

Cost of sales comprise material and consumables, short-term equipment hire, hired-in services, direct people costs, direct travel costs, hosting costs for revenue-generating software, sales commission and other costs of revenue-generating activities.

4 Critical accounting estimates and judgements

The Group's accounting policies are set out in note 3. The Directors consider that the key judgements and estimates made in the preparation of the consolidated financial statements are:

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 13 to these financial statements. 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. As set out in note 13 to these financial statements, goodwill has been allocated to groups of CGUs which align with how performance is reported and appraised for management purposes.

Revenue recognition

Judgements have been taken in the application of IFRS 15 "Revenue from Contracts with Customer". Performance obligations have been identified based on the contracts in place with customers in the accounting period, and because certain contracts include multiple performance obligations. Consideration has subsequently been allocated to these performance obligations. A judgement has been taken by the Group as to whether the performance obligations and subsequent revenue recognition is at a point in time or over time. The criteria under IFRS 15 to recognise revenue over time are judgemental and the Group assesses on a contract-by-contract basis whether these are met. This includes considering for individual contracts whether there is an enforceable right to payment for work completed to date. There are judgements taken in allocating revenue recognised over time utilising input and output methods under IFRS 15. There are judgements taken in allocating the transaction price based on the relative stand-alone selling price of each distinct service or item within the contract, and judgements as to whether the performance obligation has been met prior to revenue being recognised.

5 Revenue and segmental analysis

5.1 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 revenue (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

Notes to the consolidated financial statements *continued*

5 Revenue and segmental analysis *continued*

5.2 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 £000	**Data, Analytics, Consultancy & Events £000**	**Unallocated £000**	**Total £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

5 Revenue and segmental analysis *continued*

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

	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)

Non-current assets can be split as follows:

	2024			
	UK £000	**Ireland £000**	**North America £000**	**Total £000**
Non-current assets				
Property, plant and equipment	**4,484**	**201**	**307**	**4,992**
Intangible assets	**37,254**	**4,772**	**10,584**	**52,610**
Investments – equity	**—**	**—**	**—**	**—**

	2023			
	UK £000	Ireland £000	North America £000	Total £000
Non-current assets				
Property, plant and equipment	4,412	244	133	4,789
Intangible assets	40,659	5,565	11,470	57,694
Investments – equity	—	—	—	—

Notes to the consolidated financial statements *continued*

6 Employees and personnel costs

	2024 £000	2023 £000
Staff costs		
Wages and salaries	**37,797**	37,156
Social security contributions	**3,820**	3,401
Contributions to defined contribution plans	**1,904**	1,400
Equity-settled share-based payment transactions	**899**	1,248
Total staff costs	**44,420**	43,205

Staff costs are presented in the consolidated statement of comprehensive income within:

	2024 £000	2023 £000
Cost of sales	**18,140**	16,291
Administrative expenses	**26,280**	26,914
Total staff costs	**44,420**	43,205

	2024	2023
Staff numbers (full-time equivalents)		
Average number of permanent staff	**573**	581
Average number of casual staff	**466**	347
Total number of staff	**1,039**	928

The total headcount as calculated by reference to CA06 s411(1) was 1,812 (2023: 2,349). Headcount as calculated by reference to CA06 s411(1) is higher than staff numbers (full-time equivalents) due to the Group employing a large number of casual staff working fewer than full-time hours.

Total Directors' remuneration, including bonus and pension contributions, was £922,000 (2023: £1,006,000). The aggregate remuneration of the highest paid Director was £385,000 (2023: £457,000).

Two Directors (2023: one) exercised 55,269 share options in the year at a gain of £510,043. The highest paid Director exercised 35,780 share options in the year at a gain of £331,000 (2023: 18,962 shares at a gain of £181,000). Two Directors (2023: two) currently participate in the Long Term Incentive Plan. The highest paid Director has 98,034 shares under Long Term Incentive Plan nominal value options; assuming their vesting conditions were met in full, then their pre-tax value would be £796,000 based on the share price at 31 July 2024.

Two Directors had 163,699 shares under Long Term Incentive Plan nominal value options at 31 July 2024; assuming their vesting conditions were met in full, then their pre-tax value would be £1,328,908 based on the average share price for the three months ended 31 July 2024.

One Director (2023: one) receives employer pension contributions into a personal pension scheme.

Directors of the Company control 0.18% of the voting shares of the Company (2023: 0.08%).

The Directors' remuneration and share options, alongside further, non-statutory, unaudited information are detailed within the Directors' Remuneration Report on pages 68 to 77

Details of other key management personnel are disclosed in note 24.

7 Share-based payments

The Group has various share option schemes for its employees.

Discounted EMI share options

From August 2012, the Group implemented a new EMI share option scheme, resulting in discounted EMI share options being issued to staff instead of cash bonuses, provided certain predetermined performance criteria were met for both the overall Group, and the part of the business the employee directly works in. This scheme was made available to all staff. Staff were also able to exchange an element of annual salary in return for share options. The vesting period is three years. The options are settled in equity once exercised. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. This scheme is no longer open to new participants and remaining options expired 1 August 2024.

Unapproved share options

From August 2015, the Group implemented a revised share option scheme, resulting in discounted unapproved share options being issued to staff instead of cash bonuses, provided certain predetermined performance criteria were met for both the overall Group, and the part of the business the employee directly works in. For a period all UK-based staff except for Directors were also able to exchange an element of annual salary in return for share options. These options vest on tranches over a three-and-a-half-year period. The options are settled in equity once exercised. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. Employees are liable for settling income tax and National Insurance liabilities arising from the exercise of options.

7 Share-based payments *continued*

Unapproved share options *continued*

Senior Management LTIP

From August 2023, the Group implemented a Senior Management LTIP for certain senior managers. Vesting is subject to performance conditions that are identical to the Directors' scheme as detailed in the Directors' Remuneration Report. 50% relates to EPS growth and 50% relates to total shareholder return over a period of three years, with a sliding scale in place.

Directors' scheme

Directors were not entitled to take part in the 2015 to 2024 staff schemes. Separate schemes for the Directors have been put in place with performance conditions attached to vesting. Further details of these schemes are provided in the Directors' Remuneration Report.

Details of the schemes are given below:

Grant date	Employees entitled	Number of options	Performance conditions	Exercise price p	Earliest exercise date	Expiry date
Staff schemes						
Discounted EMI share options						
01/08/2014	3	4,546	Time served	0.40	01/08/2015[1]	01/08/2024
Senior Management LTIP						
04/12/2023	12	60,864	EPS and TSR	0.40	04/12/2026[4]	06/12/2033
Other unapproved share option schemes						
01/08/2015	8	6,162	Time served	0.40	01/08/2016[2]	01/08/2025
25/09/2015	3	1,600	Time served	0.40	25/09/2016[2]	25/09/2025
01/12/2015	1	9,729	Time served	0.40	01/12/2016[2]	01/12/2025
01/08/2016	5	12,469	Time served	0.40	01/08/2017[2]	01/08/2026
01/08/2017	5	22,075	Time served	0.40	01/08/2018[2]	01/08/2027
01/08/2018	16	29,322	Time served	0.40	01/08/2019[2]	01/08/2028
16/01/2019	2	4,036	Time served	0.40	16/01/2020[2]	16/01/2029
01/05/2019	3	11,453	Time served	0.40	01/05/2023[3]	01/05/2029
01/08/2019	16	28,762	Time served	0.40	01/08/2020[2]	01/08/2029
01/08/2020	40	44,304	Time served	0.40	01/08/2021[2]	01/02/2030
01/08/2021	50	41,858	Time served	0.40	01/08/2022[2]	01/08/2031
29/07/2022	1	1,900	Time served	0.40	09/05/2025[2]	28/07/2032
01/08/2022	65	57,570	Time served	0.40	01/08/2023[2]	01/08/2032
03/01/2023	1	2,065	Time served	0.40	03/01/2026[2]	03/01/2033
01/08/2023	125	78,105	Time served	0.40	01/08/2024[2]	01/08/2033
18/12/2023	1	815	Time served	0.40	18/12/2024[2]	18/12/2033
Directors' schemes[4]						
29/11/2021	2	45,250	EPS and TSR	0.40	29/11/2024	29/11/2031
06/12/2022	2	56,715	EPS and TSR	0.40	06/12/2025	06/12/2032
04/12/2023	2	61,714	EPS and TSR	0.40	04/12/2026	06/12/2033
Outstanding		**581,314**				

1 Vesting dates for these options are linked to time served and were awarded based on certain performance conditions being met, and in exchange for an annual cash bonus. The full vesting is achieved over a 3-year period, with various forfeits/reductions if exercise takes place sooner.

2 Vesting dates for these options are linked to time served and were awarded based on certain performance conditions being met and in exchange for an annual cash bonus. The full vesting is achieved over a 3.5-year period, with various forfeits/reductions if exercise takes place sooner.

3 Vesting of these options is linked to time served and also to the financial performance of Bellvedi Limited, which was acquired in 2019.

4 Details of EPS and TSR are disclosed in the Directors' Remuneration Report.

Notes to the consolidated financial statements *continued*

7 Share-based payments *continued*

Directors' scheme *continued*

The number and weighted average exercise price of share options are as follows:

	2024 Number	2024 Weighted average exercise price	2023 Number	2023 Weighted average exercise price
Outstanding at 1 August	**790,306**	**0.4p**	943,501	11.1p
Granted	**219,563**	**0.4p**	175,651	0.4p
Lapsed	**(60,781)**	**0.4p**	(33,156)	0.4p
Exercised	**(367,774)**	**0.4p**	(295,690)	34.5p
Outstanding at 31 July	**581,314**	**0.4p**	790,306	0.4p
Exercisable at 31 July	**207,976**	**0.4p**	370,194	0.4p

Share options were exercised at numerous points in the year and the average share price for the year ended 31 July 2024 was 836p (2023: 935p).

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7.1 years (2023: 6.6 years).

Fair value assumptions of share-based payment charges

The estimate of the fair value of share-based awards is calculated using the Black-Scholes option pricing model and using a Monte Carlo simulation for options with TSR performance conditions. The following assumptions were used on options granted in the year:

Options granted on	01/08/2023	04/12/2023
Scheme	Other unapproved share option schemes	Directors' scheme, Senior Management LTIP
Share price at date of grant	850.0p	910.0p
Exercise price	0.4p	0.4p
Vesting period (years)	3.5	3.0
Expected volatility	30.0%	30.0%
Option life (years)	10	10
Expected life (years)	10	10
Risk-free rate	4.3%	4.3%
Expected dividends expressed as a dividend yield	0.2%	0.2%
Fair value of options granted	850.0p	790.0p

The expected volatility is based on the historical volatility of the Company's share price. An assessment of the likelihood of market conditions being achieved is made at the time that the options are granted.

Charge to the income statement

	2024 £000	2023 £000
Share-based payment charges	**899**	1,248

8 Operating profit

8.1 Operating profit is stated after charging/(crediting)

	Notes	2024 £000	2023 £000
Depreciation of property, plant and equipment – owned		**1,107**	715
Depreciation of property, plant and equipment – leased (including right-of-use assets)		**1,264**	1,395
Total depreciation of property, plant and equipment	12	**2,371**	2,110
Total amortisation	13	**5,526**	5,599
(Profit)/loss on disposal of property, plant and equipment		**(15)**	9
Operating lease rentals: land and buildings*		**51**	92
Operating lease rentals: plant and machinery*		**1**	1
Total operating lease rentals		**52**	93
Research and development expenditure expensed as incurred	8.4	**36**	3,383
Grants received:			
Government grants		**(84)**	(404)

* Operating lease rentals relate to items for which the recognition and measurement exemptions available in IFRS 16 for short-term and low value leases have been taken.

8.2 Auditor's remuneration

	2024 £000	2023 £000
Audit of these financial statements:		
- This financial year	**312**	223
- The previous financial year	**—**	7
- Direct expenses	**9**	16
Amounts receivable by the Auditor and its associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation		
- This financial year	**198**	182
- The previous financial year	**40**	—
- Other services	**6**	6
Total auditor's remuneration	**565**	434

The auditor's remuneration for the audit of the previous financial year financial statements of subsidiaries was for work performed following the signature of the prior year Group financial statements.

8.3 Exceptional items

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

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

Notes to the consolidated financial statements *continued*

8 Operating profit *continued*

8.3 Exceptional items *continued*

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 historic 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 19. 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.

8.4 Other operating income

The Group does not qualify as an SME for research and development costs for UK corporation tax purposes and as such is governed by the large company "above the line" credit. This amounted to £7,000 in 2024 (2023: £350,000).

The decrease in 2024 reflects the fact that the Group substantially completed the research and development of its TRACS Enterprise platform during 2023.

9 Net finance expense

	2024 £000	2023 £000
Interest received on bank deposits	**171**	36
Interest on lease receivable	**1**	2
Interest on lease liabilities	**(137)**	(98)
Net foreign exchange loss	**—**	(41)
Unwind of discount of deferred consideration	**(7)**	(18)
Total net finance expense	**28**	(119)

10 Taxation

Recognised in the income statement:

	2024 £000	2023 £000
Current tax		
Current year	**1,247**	1,890
Adjustment in respect of prior periods	**25**	(126)
Total current tax charge	**1,272**	1,764
Deferred tax		
Origination and reversal of temporary differences	**(884)**	(966)
Rate changes	**—**	(168)
Adjustment in respect of prior periods	**119**	(301)
Total deferred tax credit	**(765)**	(1,435)
Total tax charge	**507**	329

10 Taxation *continued*

Reconciliation of the effective tax rate:

	2024 £000	2024 %	2023 £000	2023 %
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

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This increases the Group's current tax charge accordingly. The net deferred tax liability has been calculated at the rate that it is anticipated to unwind: for UK entities at 25% (2023: 25%) and for those overseas at a range between 12.5% to 27%, appropriate to the tax jurisdiction in which they operate.

The Group has £3,302,000 recognised and no unrecognised tax losses carried forward (2023: £nil recognised and unrecognised).

11 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 £000	2023 £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 for the year to 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

Further, Adjusted Profit EPS is calculated 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.

	2024 £000	2023 £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

Notes to the consolidated financial statements *continued*

11 Earnings per share *continued*

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

12 Property, plant and equipment

	Land and buildings £000	Motor vehicles £000	Computer equipment £000	Plant, machinery, fixtures and fittings £000	Total £000
Cost					
At 1 August 2022	4,680	2,155	2,769	2,703	12,307
Lease modifications	474	—	—	—	474
Additions	23	476	415	636	1,550
Disposals	—	(31)	(125)	(13)	(169)
Exchange adjustment	(15)	(2)	(25)	(7)	(49)
At 31 July 2023	5,162	2,598	3,034	3,319	14,113
Lease modifications	(70)	—	—	—	(70)
Additions	812	566	728	778	2,884
Disposals	(511)	(676)	(415)	(458)	(2,060)
Exchange adjustment	(16)	(1)	(33)	(7)	(57)
At 31 July 2024	**5,377**	**2,487**	**3,314**	**3,632**	**14,810**
Depreciation					
At 1 August 2022	2,458	811	2,048	2,093	7,410
Charge for the year	997	513	367	233	2,110
Disposals	—	(11)	(126)	(13)	(150)
Exchange adjustment	(13)	(2)	(24)	(7)	(46)
At 31 July 2023	3,442	1,311	2,265	2,306	9,324
Charge for the year	999	453	633	286	2,371
Disposals	(388)	(623)	(401)	(422)	(1,834)
Exchange adjustment	(4)	(2)	(30)	(7)	(43)
At 31 July 2024	**4,049**	**1,139**	**2,467**	**2,163**	**9,818**
Net book value					
At 1 August 2022	2,222	1,344	721	610	4,897
At 31 July 2023	1,720	1,287	769	1,013	4,789
At 31 July 2024	**1,328**	**1,348**	**847**	**1,469**	**4,992**

12 Property, plant and equipment *continued*

Additional information on right-of-use assets included in the total property, plant and equipment balance is provided below.

	Land and buildings £000	Plant, machinery, fixtures and fittings and vehicles £000	Total £000
Cost			
At 1 August 2022	4,282	1,872	6,154
Lease modifications	474	—	474
Additions	—	239	239
Disposals	—	(30)	(30)
Exchange adjustment	(14)	—	(14)
At 31 July 2023	4,742	2,081	6,823
Lease modifications	(114)	—	(114)
Additions	732	455	1,187
Disposals	(292)	(506)	(798)
Exchange adjustment	(1)	—	(1)
At 31 July 2024	**5,067**	**2,030**	**7,097**
Depreciation			
At 1 August 2022	2,299	867	3,166
Charge for the year	966	429	1,395
Disposals	—	(10)	(10)
Exchange adjustment	(12)	—	(12)
At 31 July 2023	3,253	1,286	4,539
Charge for the year	971	293	1,264
Disposals	(280)	(344)	(624)
Exchange adjustment	2	—	2
At 31 July 2024	**3,946**	**1,235**	**5,181**
Net book value			
At 1 August 2022	1,983	1,005	2,988
At 31 July 2023	1,489	795	2,284
At 31 July 2024	**1,121**	**795**	**1,916**

Notes to the consolidated financial statements *continued*

13 Intangible assets

	Goodwill £000	Customer-related intangibles £000	Technology-related intangibles £000	Order book-related intangibles £000	Marketing-related intangibles £000	Total £000
Cost						
At 1 August 2022	19,033	40,013	26,492	412	889	86,839
Additions	—	—	300	—	—	300
Exchange adjustment	(228)	(22)	(314)	(21)	(46)	(631)
At 31 July 2023	18,805	39,991	26,478	391	843	86,508
Additions	—	—	462	—	—	462
Exchange adjustment	(23)	(34)	(3)	(1)	(1)	(62)
At 31 July 2024	**18,782**	**39,957**	**26,937**	**390**	**842**	**86,908**
Amortisation/impairment						
At 1 August 2022	623	14,142	8,453	29	44	23,291
Charge for the year	—	2,835	2,571	84	109	5,599
Exchange adjustment	—	(18)	(44)	(6)	(8)	(76)
At 31 July 2023	623	16,959	10,980	107	145	28,814
Charge for the year	—	2,835	2,504	80	107	5,526
Exchange adjustment	—	(24)	(14)	(2)	(2)	(42)
At 31 July 2024	**623**	**19,770**	**13,470**	**185**	**250**	**34,298**
Carrying amounts						
At 1 August 2022	18,410	25,871	18,039	383	845	63,548
At 31 July 2023	18,182	23,032	15,498	284	698	57,694
At 31 July 2024	**18,159**	**20,187**	**13,467**	**205**	**592**	**52,610**

Changes were made to the Group's internal management and reporting structure during the year with performance reported and appraised at the level of five groups of cash-generating units, namely: Rail Technology & Services – United Kingdom, Rail Technology & Services - North America, Transport Consultancy, Traffic Data & Events and Data Analytics/GIS.

On 30 July 2024 goodwill was decided to be monitored at that level and so was then re-allocated to the groups of cash-generating units in proportion to the allocation to the cash-generating units immediately prior. Impairment reviews of the re-allocated goodwill were performed at that time with no impairments identified.

During the year, the Transport Consultancy business has been restructured into a new Customer Insights cash-generating unit, with certain other activities transferring to the Rail Technology & Services - United Kingdom group of cash-generating units and certain activities ceasing. An impairment review of goodwill allocated to Transport Consultancy was performed following the restructuring activities with no impairment identified.

The carrying value of Transport Consultancy goodwill was re-allocated in proportion to the value in use of the activities transferring to each group of cash-generating units, namely Rail Technology & Services - United Kingdom and Traffic Data & Events. Transport Consultancy's other intangible assets were re-allocated directly to the groups of cash-generating units benefiting from the transferring activities at their carrying value.

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 £000	2023 Adjusted £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £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.

13 Intangible assets *continued*

The amortisation charge is recognised in the following line items in the income statement:

	2024 £000	2023 £000
Administrative expenses	**5,526**	5,599

Customer-related intangibles and technology-related intangibles are amortised over their useful life, which is the period during which they are expected to generate revenue. Customer-related intangibles have between 1 and 15 years left to amortise. Technology-related intangibles have between 1 and 8 years remaining to amortise, order book-related intangibles have 3 years remaining to amortise and marketing-related intangibles have 6 years left to amortise.

Technology-related intangibles relates to proprietary software that has been acquired or developed in house and which are used by the Group.

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 and 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.

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.

Notes to the consolidated financial statements *continued*

14 Investments

The Group has made investments in Vivacity Labs Limited, Citi Logik Limited and Nutshell Software Limited. The carrying value of the investments is detailed below:

	% held at 31 July 2024	2024 £000	2023 £000
Investments – equity			
Citi Logik Limited	15.4%	–	–
Nutshell Software Limited	14.2%	–	–
Vivacity Labs Limited	13.5%	–	–
Total investments		–	–

During the financial year, Nutshell Software Limited was placed into administration.

Citi Logik Limited is in Creditors' Voluntary Liquidation.

Assessments of the fair value of the equity investments in Citi Logik Limited, Nutshell Software Limited and Vivacity Labs Limited were completed at the end of the year. The fair value of these investments has been determined as £nil in each case.

15 Inventories

	2024 £000	2023 £000
Raw materials and work in progress	**1,024**	1,083
Finished goods	**488**	382
Total inventories	**1,512**	1,465

The value of inventories expensed in the period in cost of sales was £1,672,000 (2023: £2,281,000). Provision is made for slow moving and obsolete stock on a line-by-line basis. The value of any write downs or reversals in the current and previous period was not material.

16 Lease liabilities

	2024 £000	2023 £000
Due within one year	**1,123**	1,137
Due after more than one year:		
Between one and two years	**453**	758
Between two and five years	**284**	195
Total due after more than one year	**737**	953
Total obligation	**1,860**	2,090

A reconciliation of the obligation is stated below.

	2024 £000	2023 £000
At 1 August	**2,090**	2,767
Lease modifications	**(114)**	474
New contracts	**1,187**	239
Total cash outflow	**(1,441)**	(1,491)
Interest	**137**	98
Exchange adjustments	**1**	3
At 31 July	**1,860**	2,090

For new leases entered into in the year, the discount rate has been calculated as the incremental borrowing rate available to the Group at the date of the lease commencement. The range of incremental borrowing rates utilised to value the leases existing at the end of the year is 2.6% to 7.5% (2023: 2.6% to 2.7%).

16 Lease liabilities *continued*

Future minimum lease payments at 31 July 2024 were as follows:

	Carrying amount £000	Contractual cash flows £000	Less than one year £000	One to two years £000	Two to five years £000
2024	**1,860**	**1,990**	**1,180**	**498**	**312**
2023	2,090	2,169	1,183	772	214

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024 £000	2023 £000
Short-term leases	**51**	92
Leases of low value assets	**1**	1
Total	**52**	93

17 Trade and other receivables

	2024 £000	2023 £000
Trade receivables	**17,158**	16,432
Unbilled receivables	**713**	802
Other receivables and prepayments	**3,656**	3,097
	4,369	3,899
Lease receivable	**9**	40
Total trade and other receivables	**21,536**	20,371

Although the Group has a large number of customers, there is a concentration of risk in that the Group derives a large amount of revenue from one major customer as detailed in note 5 (2024: 8% of revenue; 2023: 9% of revenue), though there are no concerns over the credit worthiness of the customer.

Included within other receivables is a return asset of £162,000 (2023: £nil).

18 Trade and other payables

	2024 £000	2023 £000
Trade payables	**2,995**	3,398
Other tax and social security	**4,263**	3,857
Contract liabilities	**13,331**	11,981
Accruals and other payables	**4,909**	4,199
Total trade and other payables	**25,498**	23,435

The Directors consider that the carrying amounts of trade payables approximate to their fair value.

Contract liabilities relate to consideration received in advance of the completion of the associated performance obligation.

Included within contract liabilities are balances to be settled within the next twelve months of £10,124,000 (2023: £10,993,000) and after twelve months of £3,207,000 (2023: £988,000) which have been presented as current as they represent the normal operating cycle for the entity in which they arise.

Revenue recognised in the reporting period that was included in the contract liability balance at beginning of the year totalled £8,145,000 (2023: £9,741,000).

Included within accruals and other payables are £1,699,000 of payroll related liabilities (2023: £1,335,000).

Included within other payables is £562,000 (2023: £nil) relating to a refund liability.

Notes to the consolidated financial statements *continued*

19 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 8.3, 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 £000	2023 £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 £000	2023 £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 £000	2023 £000
Payable in less than one year	**151**	—
Payable in more than one year	**—**	139
Total	**151**	139

19 Contingent and deferred consideration *continued*

(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 £000	2023 £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 £000	2023 £000
Payable in less than one year	**—**	308
Payable in more than one year	**—**	—
Total	**—**	308

20 Deferred tax

Liability/(asset)	Intangible assets £000	Accelerated capital allowances £000	Share options and other employee benefits £000	Losses £000	Other £000	Total £000
At 31 July 2022	8,747	314	(1,079)	—	(40)	7,942
Credit/(charge) to statement of comprehensive income (note 10)	(903)	146	(133)	—	(545)	(1,435)
Exchange adjustment	(1)	—	—	—	5	4
At 31 July 2023	7,843	460	(1,212)	—	(580)	6,511
Reclassification	(61)	—	(138)	(56)	255	—
Charge/(credit) to statement of comprehensive income (note 10)	(1,015)	61	772	(668)	85	(765)
Exchange adjustment	—	1	(2)	11	—	10
At 31 July 2024	**6,767**	**522**	**(580)**	**(713)**	**(240)**	**5,756**

The net deferred tax liability has been calculated at the rate that it is anticipated to unwind: for the UK at 25% (2023: 19% or 25%), and for those overseas at a range between 12.5% and 27%, appropriate to the tax jurisdiction in which they operate.

This is presented on the balance sheet within non-current assets and liabilities as follows:

	2024 £000	2023 £000
Deferred tax assets	**(1,376)**	(650)
Deferred tax liabilities	**7,132**	7,161
Net deferred tax liability	**5,756**	6,511

Notes to the consolidated financial statements *continued*

21 Share capital

	2024 Number	2024 £	2023 Number	2023 £
Allotted, called up and fully paid:				
Ordinary shares of 0.4p each	**30,325,682**	**121,303**	29,957,908	119,832

The following share transactions have taken place during the year ended 31 July 2024:

	2024 Number	2023 Number
At the start of the year	**29,957,908**	29,662,218
Exercise of share options (note 7)	**367,774**	295,690
At the end of the year	**30,325,682**	29,957,908

During the year, a number of options were exercised from the schemes all with an exercise price of 0.4p; all took place at the nominal value.

22 Capital and reserves

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amounts arising from the premium of the fair value of shares issued over their nominal value, in respect of certain business combinations.
Retained earnings	Cumulative net profits recognised in the income statement.
Translation reserve	Translation differences on retranslation of subsidiaries denominated in a foreign currency.
Fair value reserve	Cumulative changes in fair value of investments.

23 Financial risk management

The principal financial instruments comprise cash and short-term deposits, trade receivables and contingent consideration. The main purpose of these financial instruments (with the exception of contingent consideration) is to provide finance for the Group's operations. The Group has various other financial instruments, such as trade payables, that arise directly from its operations. The fair values of the financial assets are approximately equal to their year-end carrying values and represent the maximum exposure to credit risk.

Financial assets	2024 £000	2023 £000
Cash and short-term deposits[1]	**19,773**	15,307
Trade receivables[1]	**17,158**	16,432
Unbilled receivables[1]	**713**	802
Lease receivable[3]	**9**	40
Total financial assets	**37,653**	32,581

Cash and short-term deposits at 31 July 2024 are held in bank accounts with a floating rate of interest. This is consistent with cash and short-term deposits held at 31 July 2023.

Financial liabilities	2024 £000	2023 £000
Trade and other payables[1]	**7,904**	7,597
Contingent consideration[2]	**151**	139
Deferred consideration[3]	**—**	308
Lease liabilities[3]	**1,860**	2,090
Total financial liabilities	**9,915**	10,134

1 Items are measured at amortised cost. There are no significant financing components and they are short term in nature.

2 Items are measured at fair value with changes through the Income Statement.

3 Items are measured at amortised cost. The Group considers that the fair value is materially consistent with amortised cost for those assets measured on this basis.

The Group had no derivative contracts in either the current or previous year. It is policy that no trading in financial instruments should be undertaken. The surplus cash balances have been invested in deposit accounts.

23 Financial risk management *continued*

Fair value or cash flow interest rate risk

The Group has surplus cash balances so it does not have a borrowing requirement. Where appropriate, surplus cash is put on short-term deposit with high credit worthy banking institutions at either fixed or floating rates.

Total finance income in the year amounted to £172,000. The Group has cash balances of £19,773,000 as at 31 July 2024 which is spread across different banks as detailed below, and each attracts a different interest rate.

Any sensitivity to interest rates would depend on the following factors: Tracsis subsidiary entity making the investment, the amount invested, the length of commitment and ability to access the funds, and the choice of financial institution. In view of current interest rates and the current economic backdrop, the Group does not consider that it has a major exposure to interest rates and should interest rates change, this would have an immaterial impact on the amount of finance income receivable. The Board monitors the financial markets and the Group's future cash requirements to ensure that this policy is exercised in the Group's best interests.

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to risk. The Group has no significant concentration of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event that other parties fail to perform their obligations under financial instruments. The Group did not incur any material bad debts in the financial year, nor has it historically and so views the overall credit risk to be low.

As noted in note 5 and note 17 the Group derives approximately 8% of its revenue from one major customer, whose credit worthiness is strong.

The Group had a trade receivables balance of £17,158,000 as at 31 July 2024, and this related to over 300 individual customers.

The largest individual trade receivable was £1,610,000 and related to a rail infrastructure provider in a strong financial position. Other trade receivables over £100,000 were spread across 37 individual clients and amounted to approximately £12.2m. These clients include, for example, large infrastructure providers, train operators and owning groups, numerous government departments and other bodies, engineering consultants, a global professional services firm plus shopping centre providers, all of whom are deemed to be credit worthy.

On this basis the Group carried an expected credit loss provision of £118,000 as at 31 July 2024 at an expected loss rate of 0.7% (2023: £54,000 at an expected loss rate of 0.3%).

Liquidity risk

Liquidity risk is managed on a day-to-day basis. Facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and future capital expenditures. The Group holds its cash balances with highly rated financial institutions, and it is also spread across numerous institutions to avoid any exposure to one individual bank. As at 31 July 2024, of the Group's total cash balances of £19.8m, £19.2m was spread across seven major, highly rated banking institutions with £14.9m held at the lead bank, £1.9m held at another bank, and £2.4m held with others.

The maturity of the Group's financial liabilities is set out below. The tables below include the gross cash outflows associated with the financial liabilities on an undiscounted basis.

Maturity analysis of financial liabilities at 31 July 2024:

	Trade and other payables £000	Contingent consideration £000	Deferred consideration £000	Lease liabilities £000	Total £000
Balance sheet value at 31 July 2024	**7,904**	**151**	**—**	**1,860**	**9,915**
Gross undiscounted cash outflows					
Due within one year	7,904	151	—	1,180	9,425
Due between one and five years	—	—	—	810	810
Total cash flows	**7,904**	**151**	**—**	**1,990**	**10,235**

Maturity analysis of financial liabilities at 31 July 2023:

	Trade and other payables £000	Contingent consideration £000	Deferred consideration £000	Lease liabilities £000	Total £000
Balance sheet value at 31 July 2023	7,597	139	308	2,090	10,134
Gross undiscounted cash outflows					
Due within one year	7,597	157	315	1,183	9,252
Due between one and five years	—	—	—	986	986
Total cash flows	7,597	157	315	2,169	10,238

Notes to the consolidated financial statements *continued*

23 Financial risk management *continued*

Foreign currency risk

The Group makes some overseas sales and some overseas purchases, some of which are invoiced in Sterling and others in the local currency. The Group is exposed to the Euro principally through Compass Informatics Limited and The Icon Group Limited. These entities raise the vast majority of their sales invoices in Euros.

Total sales to customers in Ireland amounted to £9,687,000 in the year representing around 12% of total Group revenue.

The closing exchange rate used was approximately 1.19 EUR to GBP, with an average throughout the year of approximately 1.17 EUR to GBP.

The Group is exposed to the US Dollar principally through Railcomm LLC which raises the vast majority of its sales invoices in US Dollars.

Total sales to customers in North America amounted to £4,373,000 in the year representing around 5% of total Group revenue.

The closing exchange rate used was approximately 1.28 USD to GBP, with an average throughout the year of approximately 1.26 USD to GBP.

Any changes to these exchange rate would increase the Group's foreign currency risk, though as noted above the vast majority of the Group's sales continue to be made in Sterling.

Capital disclosures

The Group's objectives when maintaining capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and notes 11, 21 and 22.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Sensitivity analysis

In managing interest rates, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the long term, permanent changes in interest rates would have an impact on consolidated earnings. The Directors consider that a change of 100 basis points in interest rates at any period end would not have a material impact on cash flows.

Market risks

The Directors consider that the Group has no significant exposure to market risks with respect to its financial instruments.

Changes in liabilities from financing and non-financing activities

	Contingent consideration £000	Deferred consideration £000	Lease liabilities £000
At 1 August 2022	9,321	605	2,767
Changes from financing cash flows			
Payment of lease liabilities	—	—	(1,491)
Total changes from financing cash flows	—	—	(1,491)
Changes from non-financing cash flows			
Payment of contingent consideration	(9,252)	—	—
Payment of deferred consideration	—	(315)	—
Total changes from non-financing cash flows	(9,252)	(315)	—
Other changes			
Changes in fair value	(559)	—	—
Lease additions and modifications	—	—	713
Interest unwind on liabilities	649	18	98
Exchange adjustments	(20)	—	3
At 31 July 2023	139	308	2,090

23 Financial risk management *continued*

Changes in liabilities from financing and non-financing activities *continued*

	Contingent consideration £000	Deferred consideration £000	Lease liabilities £000
At 1 August 2023	139	308	2,090
Changes from financing cash flows			
Payment of lease liabilities	—	—	(1,441)
Total changes from financing cash flows	—	—	(1,441)
Changes from non-financing cash flows			
Payment of contingent consideration	—	—	—
Payment of deferred consideration	—	(315)	—
Total changes from non-financing cash flows	—	(315)	—
Other changes			
Changes in fair value	—	—	—
Gain on settlement	—	—	—
Lease additions and modifications	—	—	1,073
Interest unwind on liabilities	14	7	137
Exchange adjustments	(2)	—	1
At 31 July 2024	**151**	**—**	**1,860**

24 Related party transactions

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

	Purchase of goods and services		Amounts owed to related parties	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Ashtead Group PLC[1]	**29**	1	**8**	1

	Sale of goods and services		Amounts owed by related parties	
	2024 £000	2023 £000	**2024 £000**	2023 £000
WSP UK Limited[2]	**37**	3,238	**—**	1,323
Ashtead Group PLC[1]	**—**	7	**—**	—

1 Ashtead Group PLC ("Ashtead") is a company which is connected to Jill Easterbrook who served as a Non-Executive Director of Tracsis plc and also of Ashtead during the year. 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.

2 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.

Terms and conditions of transactions with related parties

The purchases from related parties are made at normal market prices. Outstanding balances that relate to trading balances are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel of the Group

The Group considers the key management personnel to be its Directors and the Directors of the Group's subsidiaries. Details of their compensation are set out below:

	2024 £000	2023 £000
Short-term employee benefits:		
Wages and salaries	**3,470**	3,399
Post-employment benefits:		
Contributions to defined contribution plans	**277**	316
Share-based payment charges	**537**	478
	4,284	4,193

25 Employee benefits

The Group makes contributions to defined contribution pension schemes for its employees. The assets of the schemes are held separately in independently administered funds. The pension cost charge for the year comprises contributions payable by the Group to the schemes and other personal pension plans and amounted to £1,913,000 (2023: £1,400,000).

There were outstanding contributions at 31 July 2024 of £211,000 (2023: £159,000).

Notes to the consolidated financial statements *continued*

26 Group entities

The following table lists the subsidiary undertakings which contribute to the Group results:

Name	Principal activity	Country of incorporation	% ordinary share capital owned
Tracsis Rail Consultancy Limited[1]	Rail industry consultancy	England and Wales	100%
Tracsis Passenger Analytics Limited[1]	Dormant	England and Wales	100%
Safety Information Systems Limited[1]	Software and consultancy	England and Wales	100%
MPEC Technology Limited[1]	Rail industry hardware and data logging	England and Wales	100%
Tracsis Traffic Data Limited[2]	Transportation data collection	England and Wales	100%
Datasys Integration Limited[1]	Holding company	England and Wales	100%
Tracsis Retail and Operations Limited[1]	Rail industry software	England and Wales	100%
SEP Limited[2]	Dormant	England and Wales	100%
SEP Events Limited[2]	Dormant	England and Wales	100%
Ontrac Technology Limited[1]	Holding company	England and Wales	100%
Ontrac Limited[1]	Rail industry software	England and Wales	100%
Tracsis Travel Compensation Services Limited[1]	Rail industry software	England and Wales	100%
Tracsis Events Limited[2]	Event planning and traffic management	England and Wales	100%
Compass Informatics Limited[6]	Software development	Republic of Ireland	100%
Bellvedi Limited[1]	Rail industry software	England and Wales	100%
iBlocks Limited[1]	Rail industry software	England and Wales	100%
Flash Forward Consulting Limited[1]	Dormant	England and Wales	100%
Compass Informatics UK Limited[1]	Software development	England and Wales	100%
Northbrook Investments Limited[5]	Holding company	Republic of Ireland	100%
The Icon Group Limited[5]	Software development	Republic of Ireland	100%
Railcomm, LLC[6]	Rail industry software and hardware	United States of America	100%
Railcomm Associates, Inc[6]	Payroll company	United States of America	100%
Tracsis Group US Holdings, LLC[6]	Holding company	United States of America	100%
S Dalby Consulting Limited[1]	Holding company	England and Wales	100%
Sky High Data Capture Limited[2]	Dormant	England and Wales	100%
Sky High Traffic Data Limited[2]	Dormant	England and Wales	100%
The Web Factory Birmingham Limited[2]	Dormant	England and Wales	100%
Forsyth Whitehead & Associates Limited[2]	Dormant	England and Wales	100%
Sky High Technology (Scotland) Limited[2]	Dormant	England and Wales	100%
Count on Us Traffic Limited[2]	Dormant	England and Wales	100%
Burra Burra Distribution Limited[2]	Dormant	England and Wales	100%
Sky High NCS Limited[2]	Dormant	England and Wales	100%
Halifax Computer Services Limited[2]	Dormant	England and Wales	100%
Skyhightraffic Limited[2]	Dormant	England and Wales	100%
The Traffic Survey Company Limited[2]	Dormant	England and Wales	100%
The People Counting Company Limited[2]	Dormant	England and Wales	100%
Myratech.net Limited[2]	Dormant	England and Wales	100%
Footfall Verification Limited[2]	Dormant	England and Wales	100%

The following table lists the Group's minority investments:

Name	Principal activity	Country of incorporation	% ordinary share capital owned
Citi Logik Limited	In liquidation	England and Wales	15.4%
Nutshell Software Limited[3]	In administration	England and Wales	14.2%
Vivacity Labs Limited[4]	Machine learning technology	England and Wales	13.5%

The registered offices of the Group's investees are as follows:

1 Nexus, Discovery Way, Leeds, England LS2 3AA.

2 High Moor Yard, High Moor Road, Boroughbridge, North Yorkshire, England YO51 9DZ.

3 Suite 5 2nd Floor, Bulman House, Regent Centre, Gosforth NE3 3LS.

4 3 Haberdasher Street, London, United Kingdom N1 6ED.

5 Block 8, Blackrock Business Park, Carysfort Avenue, Blackrock, County Dublin, Ireland A94 W209.

6 Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware, United States of America 19801.

27 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 £000	2023 £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 £000	2023 £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

28 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 £000	2023 £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 11: Earnings per share.

Notes to the consolidated financial statements *continued*

28 Reconciliation of alternative performance measures ("APMs") *continued*

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 £000	2023 £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

29 Subsequent events

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

Company balance sheet (prepared under FRS 101)

as at 31 July 2024

Company number: 05019106

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	31	**548**	641
Investments	32	**77,223**	79,935
Deferred tax assets	37	**150**	372
Trade and other receivables	33	**10,443**	6,375
		88,364	87,323
Current assets			
Cash and cash equivalents		**8,729**	3,286
Trade and other receivables	33	**6,762**	10,446
		15,491	13,732
Total assets		**103,855**	101,055
Non-current liabilities			
Deferred tax liabilities	37	**25**	2
Lease liabilities	34	**—**	141
Contingent consideration	36	**—**	139
		25	282
Current liabilities			
Trade and other payables	35	**63,288**	50,756
Lease liabilities	34	**141**	182
Contingent consideration	36	**151**	—
		63,580	50,938
Total liabilities		**63,605**	51,220
Net assets		**40,250**	49,835
Capital and reserves			
Called up share capital	38	**121**	120
Share premium reserve		**6,535**	6,535
Merger reserve		**6,161**	6,161
Translation reserve		**—**	(15)
Retained earnings		**27,433**	37,034
Total equity		**40,250**	49,835

The Company's loss after taxation for the year amounted to £9,805,000, after receiving dividends from subsidiary undertakings of £863,000 (2023: loss of £6,650,000 after receiving dividends from subsidiary undertakings of £nil).

The financial statements were approved and authorised for issue by the Board of Directors on 19 November 2024 and were signed on its behalf by:

Chris Barnes
Chief Executive Officer

Andrew Kelly
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 31 July 2024

	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	Total £000
At 1 August 2022	119	6,436	6,161	9	43,064	55,789
Loss after tax	—	—	—	—	(6,650)	(6,650)
Other comprehensive income	—	—	—	(24)	—	(24)
Total comprehensive income	—	—	—	(24)	(6,650)	(6,674)
Transactions with owners:						
Dividends	—	—	—	—	(628)	(628)
Share-based payment credit	—	—	—	—	1,248	1,248
Exercise of share options	1	99	—	—	—	100
At 31 July 2023	120	6,535	6,161	(15)	37,034	49,835
At 1 August 2023	120	6,535	6,161	(15)	37,034	49,835
Loss after tax	—	—	—	—	(9,805)	(9,805)
Recycled to profit and loss	—	—	—	15	—	15
Total comprehensive income	—	—	—	15	(9,805)	(9,790)
Transactions with owners:						
Dividends	—	—	—	—	(695)	(695)
Share-based payment credit	—	—	—	—	899	899
Exercise of share options	1	—	—	—	—	1
At 31 July 2024	**121**	**6,535**	**6,161**	**—**	**27,433**	**40,250**

Details of the nature of each component of equity are:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amounts arising from the premium of the fair value of shares issued over their nominal value, in respect of certain business combinations.
Retained earnings	Cumulative net profits recognised in the income statement.
Translation reserve	Effect of foreign currency translation of net investment in overseas subsidiaries.

The accompanying notes form an integral part of these financial statements.

Notes to the Company balance sheet

30 Company accounting policies

Tracsis plc ("the Company") was incorporated and is domiciled in England, in the United Kingdom. Its registered office is Nexus, Discovery Way, Leeds, LS2 3AA, registered number 05019106. The principal activity of Tracsis plc is that of a holding company and also software development and consultancy for the rail industry.

The Company's accounting reference date is 31 July.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") which has been applied.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is Sterling and amounts have been presented in round thousands ("£000").

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- certain disclosures in respect of share-based payments;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Tracsis plc Group of companies.

In addition, the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101: 101p8(a):

- paragraphs 45(b) and 46 to 52 of IFRS 2 "Share-based Payment" (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7 "Financial Instruments: Disclosures".
- paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- the following paragraphs of IAS 1 "Presentation of Financial Statements": 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS); 38A (requirement for minimum of two primary statements, including cash flow statements); 38B-D (additional comparative information); 111 (statement of cash flows information); and 134-136 (capital management disclosures).
- IAS 7 "Statement of Cash Flows".
- paragraphs 30 and 31 of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- the requirements in IAS 24 "Related Party Disclosures", to disclose related party transactions entered into between two or more members of a group.

Revenue recognition

The Company has initially applied IFRS 15 "Revenue from Contracts with Customers" from 1 August 2018. IFRS 15 has established a comprehensive framework for determining whether, how much and when revenue is recognised.

The Company derives revenue from software licensing, bespoke development work and post-contract customer support.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies. Revenue is recognised either when the performance obligation in the contract has been performed ("point in time" or "over time" as control is transferred to the customer). Consideration received in advance of the performance obligation being satisfied by the Company is included as a contract liability on the balance sheet. An asset is recognised when a performance obligation has been completed, but no consideration has yet been received. Adjustments are made to allocate discounts relative to the stand-alone selling price of each performance obligation. The Company does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised service to the client, and the payment by the client exceeds one year.

Notes to the Company balance sheet *continued*

30 Company accounting policies *continued*

Revenue recognition *continued*

Revenue stream	Recognition policy
Software – perpetual and non-cancellable annual software licenses, and support and maintenance services associated with these licences	The criteria under IFRS 15 have been considered to assess whether the software licenses and support and maintenance are distinct performance obligations. As the support and updates do not makes changes to the software that are so fundamental that the software would not be able to operate without them, they are considered distinct. The Company recognises the revenue from the sale of perpetual and non-cancellable annual software licenses at the time that the license is made available to the customer as it is considered that control passes at that point in time. Additionally, the Company does not undertake activities that significantly affect the license after the point at which it was provided to the customer. Revenue related to ongoing support and periodic updates is recognised over the license period as the Company is unable to predict at inception of the license when the support and updates will be required to be provided to the customer. As such, control is considered to transfer with the passage of time. The allocation of the transaction price between the two performance obligations included in the contract is based on an expected cost plus margin approach as the stand-alone selling price is not observable.
Software as a service, and support services associated with these licences	Under IFRS 15 two distinct performance obligations have been identified for these contracts: • hosted software licences; and • maintenance and support. Revenue from the provision of the hosted software license is recognised evenly over the period in which the license is hosted by the Company. This policy reflects the continuous transfer of the service to the customer throughout the contracted license period. For renewals of hosted licenses, the revenue is recognised over the period of the contract. Revenue related to ongoing support and periodic updates is recognised over the license period as the Company is unable to predict at inception of the license when the support and updates will be required to be provided to the customer.
Bespoke software development work	Revenue in relation to bespoke development work is recognised on completion of the work in those contracts where it is considered that control of the work does not pass until all development work has been completed. Bespoke development work does not create an asset with an alternative use to the Company and in those contracts where the Company does have an enforceable contractual right to payment for performance completed to date revenue is recognised over time.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings (excluding land)	–	4% on cost
Computer equipment	–	33 1/3% on cost
Fixtures and fittings	–	10% on cost

Investments

Fixed asset investments are stated at cost less provision for impairment where appropriate. The Directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the income statement in the year.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Subsequent changes to the fair value of the contingent consideration are recognised in operating profit or loss as such changes are primarily as a result of operating performance.

30 Company accounting policies *continued*

Taxation

The tax on the profit or loss for the year represents current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. The principal temporary differences arise from depreciation on plant and equipment and share options granted by the Company to employees and Directors.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Where the deferred tax asset recognised in respect of share-based payments would give rise to a credit in excess of the related accounting charge at the prevailing tax rate the excess is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Leases

For any new contracts entered into the Company considers whether a contract is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Share-based payments

The Company's accounting policies followed are in all material regards the same as the Group's policy as shown on page 98. Where there are charges relating to subsidiary undertakings an amount equal to the IFRS 2 "Share-based Payment" charge is borne in full to the relevant subsidiary undertaking via a recharge through the intra-group current accounts.

Profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

Notes to the Company balance sheet *continued*

31 Property, plant and equipment

	Land and buildings* £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 August 2023	1,380	247	20	1,647
Additions	14	114	35	163
At 31 July 2024	**1,394**	**361**	**55**	**1,810**
Depreciation				
At 1 August 2023	813	185	8	1,006
Charge for the year	199	53	4	256
At 31 July 2024	**1,012**	**238**	**12**	**1,262**
Net book value				
At 31 July 2023	567	62	12	641
At 31 July 2024	**382**	**123**	**43**	**548**

* Includes land of £100,000 which is not depreciated.

Included in the net carrying amount of property, plant and equipment are right-of-use assets held under leases of £136,000 (2023: £316,000).

A reconciliation of the right-of-use assets is as follows:

	Land and buildings £000
Cost	
At 1 August 2023	980
Disposals	—
At 31 July 2024	**980**
Depreciation	
At 1 August 2023	664
Charge for the year	180
At 31 July 2024	**844**
Net book value	
At 31 July 2023	316
At 31 July 2024	**136**

32 Investments

	Shares in, and loans to, subsidiary undertakings £000
At 1 August 2023	79,935
Return of capital	(2,712)
At 31 July 2024	**77,223**

Share-based payment amounts of £420,000 have been recharged to subsidiary entities to represent the amount equal to the IFRS 2 "Share based Payment" charge.

The Company's investment in Tracsis Group US Holdings was assessed for impairment at 31 July 2024; the Directors considered that no provision for impairment was needed.

The key assumptions on which the value in use, and in turn the recoverable amount, 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
Tracsis Group US Holdings	13.5%	29.2%	2.0%

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

The Directors noted that the recoverable amount of the Company's investment in Tracsis Group US Holdings 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 investment, 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.

32 Investments *continued*

A decrease in the short-term growth rate to a compound annual growth rate of 26.5% and maintaining a long-term growth rate of 2.0% per annum would reduce the headroom against the carrying value 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 business 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 business' revenue in 2023.

The companies in which Tracsis plc's interest is more than 10% at the year end are as follows:

Name	Principal activity	Country of incorporation	% ordinary share capital owned	Holding
Tracsis Rail Consultancy Limited	Rail industry consultancy	England and Wales	Ordinary 100%	Direct
Tracsis Passenger Analytics Limited	Dormant	England and Wales	Ordinary 100%	Direct
Safety Information Systems Limited	Software and consultancy	England and Wales	Ordinary 100%	Direct
MPEC Technology Limited	Rail industry hardware and data logging	England and Wales	Ordinary 100%	Direct
Tracsis Traffic Data Limited	Transportation data collection	England and Wales	Ordinary 100%	Direct
Datasys Integration Limited	Holding company	England and Wales	Ordinary 100%	Direct
Tracsis Retail and Operations Limited	Rail industry software	England and Wales	Ordinary 100%	Indirect
SEP Limited	Dormant	England and Wales	Ordinary 100%	Direct
SEP Events Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Ontrac Technology Limited	Holding company	England and Wales	Ordinary A and B 100%	Direct
Ontrac Limited	Rail industry software	England and Wales	Ordinary A 100%	Indirect
			Ordinary B 100%	Direct
Tracsis Travel Compensation Services Limited	Rail industry software	England and Wales	Ordinary 100%	Indirect
Tracsis Events Limited	Event planning and traffic management	England and Wales	Ordinary 100%	Direct
Compass Informatics Limited	Software development	Republic of Ireland	Ordinary 100%	Direct
Bellvedi Limited	Rail industry software	England and Wales	Ordinary 100%	Direct
iBlocks Limited	Rail industry software	England and Wales	Ordinary 100%	Direct
Flash Forward Consulting Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Compass Informatics UK Limited	Software development	England and Wales	Ordinary 100%	Indirect
Northbrook Investments Limited	Holding company	Republic of Ireland	Ordinary 100%	Direct
The Icon Group Limited	Software development	Republic of Ireland	Ordinary 100%	Indirect
Railcomm, LLC	Rail industry software and hardware	United States of America	Ordinary 100%	Indirect
Railcomm Associates, Inc	Payroll company	United States of America	Ordinary 100%	Indirect
Tracsis Group US Holdings, LLC	Holding company	United States of America	Ordinary 100%	Direct
S Dalby Consulting Limited	Dormant	England and Wales	Ordinary 100%	Direct
Sky High Data Capture Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Sky High Traffic Data Limited	Dormant	England and Wales	Ordinary 100%	Indirect
The Web Factory Birmingham Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Forsyth Whitehead & Associates Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Sky High Technology (Scotland) Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Count on Us Traffic Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Burra Burra Distribution Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Sky High NCS Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Halifax Computer Services Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Skyhightraffic Limited	Dormant	England and Wales	Ordinary 100%	Indirect
The Traffic Survey Company Limited	Dormant	England and Wales	Ordinary 100%	Indirect
The People Counting Company Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Myratech.net Limited	Dormant	England and Wales	Ordinary 100%	Indirect
Footfall Verification Limited	Dormant	England and Wales	Ordinary 100%	Indirect

Notes to the Company balance sheet *continued*

32 Investments *continued*

The following table lists the Company's minority investments:

Name	Principal activity	Country of incorporation	% ordinary share capital owned	Holding
Citi Logik Limited	In liquidation	England and Wales	Ordinary 15.4%	Direct
Nutshell Software Limited	In administration	England and Wales	Ordinary 14.2%	Direct
Vivacity Labs Limited	Machine learning technology	England and Wales	Ordinary 13.5%	Direct

33 Trade and other receivables

	2024 £000	2023 £000
Due in less than one year		
Trade receivables	**1,102**	1,390
Amounts owed by Group undertakings	**3,991**	4,982
Other debtors	**555**	878
Corporation tax	**499**	2,384
Prepayments	**615**	812
Total due in less than one year	**6,762**	10,446
Due in more than one year		
Amounts owed by Group undertakings	**10,443**	6,375
Total due in more than one year	**10,443**	6,375

The carrying value of trade receivables approximates to the fair value. The expected credit loss for trade receivables is immaterial.

Amounts owed by Group undertakings due in more than one year include £6,375,000 (2023: £6,375,000 due in more than one year) in respect of two tranches of intercompany loan notes issued as part of the acquisition of Railcomm. These loan notes have a fixed repayment date in March 2025 but are not expected to be cash settled within one year; interest accrues on the loan notes daily at 4.9% and is due for payment monthly in arrears.

The remaining amounts owed by Group undertakings are interest free and repayable on demand.

During the year, an expected credit loss provision of £1,423,000 was recognised for amounts owed by Group undertakings due in less than one year from entities that are no longer trading.

Corporation tax is recoverable from other Group companies as Tracsis plc acts as the lead Company for the Group's UK payment on account regime.

34 Lease liabilities

	2024 £000	2023 £000
Due within one year	**141**	182
Due after more than one year:		
– Between one and two years	**—**	141
Total due after more than one year	**—**	141
Total obligation	**141**	323

A reconciliation of the obligation is stated below.

	2024 £000	2023 £000
At 1 August	**323**	499
Total cash outflow	**(190)**	(191)
Interest	**8**	15
At 31 July	**141**	323

34 Lease liabilities *continued*

Future minimum lease payments at 31 July 2024 were as follows:

	Carrying amount £000	Contractual cash flows £000	Less than one year £000	One to two years £000	Two to five years £000
2024	**141**	**143**	**143**	**—**	**—**
2023	323	333	190	143	—

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024 £000	2023 £000
Short-term leases	**—**	—
Leases of low value assets	**—**	1
Total	**—**	1

35 Trade and other payables

	2024 £000	2023 £000
Trade payables	**653**	473
Other tax and social security	**238**	218
Amounts owed to Group undertakings	**60,355**	48,834
Accruals and other payables	**2,042**	1,231
Total trade and other payables	**63,288**	50,756

The carrying value of trade payables approximates to the fair value. Amounts owed to Group undertakings are interest free and repayable on demand.

36 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).

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

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

	2024 £000	2023 £000
Payable in less than one year	**151**	—
Payable in more than one year	**—**	139
Total	**151**	139

Notes to the Company balance sheet *continued*

37 Deferred tax

The movement in the deferred tax position is summarised as follows:

	2024 £000	2023 £000
At start of the year	**370**	216
Charge to statement of comprehensive income during the year	**(245)**	154
At end of the year	**125**	370

The deferred tax asset can be split as follows:

	2024 £000	2023 £000
Share options	**123**	363
Other	**27**	9
Total	**150**	372

The deferred tax liability can be split as follows:

	2024 £000	2023 £000
Accelerated capital allowances	**25**	2
Total	**25**	2

38 Share capital

	2024 Number	**2024 £**	2023 Number	2023 £
Allotted, called up and fully paid:				
Ordinary shares of 0.4p each	**30,325,682**	**121,303**	29,957,908	119,832

The following share transactions have taken place during the year ended 31 July 2024:

	2024 Number	2023 Number
At start of the year	**29,957,908**	29,662,218
Exercise of share options	**367,774**	295,690
At end of the year	**30,325,682**	29,957,908

During the year, a number of options were exercised from the schemes all with an exercise price of 0.4p – all took place at the nominal value.

39 Related party transactions

Other than the key management personnel transactions noted below, there were no related party transactions in the year or in the previous year. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Tracsis plc Group.

Terms and conditions of transactions with related parties

The purchases from related parties are made at normal market prices. Outstanding balances that relate to trading balances are unsecured and interest free and settlement occurs in cash.

The Company is party to a composite unlimited multilateral guarantee put in place between itself, Tracsis Retail & Operations Limited, MPEC Technology Limited, Safety Information Systems Limited, Tracsis Passenger Analytics Limited, Tracsis Rail Consultancy Limited, Tracsis Traffic Data Limited, SEP Limited and Tracsis Travel Compensation Services Limited put in place to ensure continuity of day-to-day banking operations.

There have been no other guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

The Company considers its Directors to be its key management personnel. Their remuneration is as set out below.

	2024 £000	2023 £000
Short-term employee benefits		
Wages and salaries	**898**	983
Non-cash benefits	**2**	2
Post-employment benefits		
Contributions to defined contribution plans	**22**	21
Share-based payment charges	**240**	206
Total compensation of key management personnel	**1,162**	1,212

40 Employees and personnel costs

	2024 £000	2023 £000
Staff costs		
Wages and salaries	**5,981**	5,508
Social security contributions	**815**	687
Contributions to defined contribution plans	**600**	352
Equity-settled share-based payment transactions	**479**	440
Total staff costs	**7,875**	6,987

	2024	2023
Staff numbers		
Average number of permanent staff	**93**	80
Total number of staff	**93**	80

The Directors' remuneration and share options are detailed in note 6 to the Group financial statements.

Group information

Company Secretary and registered office

Jan David Mitson

Nexus
Discovery Way
Leeds
LS2 3AA

The registered office of all subsidiary entities is detailed in note 26 to the Group financial statements.

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Additional bankers

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NatWest
Santander
Royal Bank of Scotland
The Co-Operative Bank
Bank of Ireland
Allied Irish
Key Bank
Triodos

Nominated adviser and Stockbroker

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