

29 August 2024

Tracsis plc
("Tracsis" or "the Group")

Trading Update and Notice of Results

A year of significant operational transformation, with performance in line with revised guidance

Tracsis (LSE: TRCS), a leading transport technology provider, is pleased to provide the following trading update for the year ended 31 July 2024.

*Financial performance in line with revised guidance**

Group revenue is expected to be in excess of £81.0m (2023: £82.0m) with adjusted EBITDA** expected to be c. £13.0m (2023: £16.0m) and adjusted EBITDA** margin c.16%. This performance is in line with the revised guidance provided in the 13 June 2024 trading update*.

Cash balances increased by over £4m since the previously announced position at the end of May 2024 and stood at £19.8m as at the end of July 2024 (2023: £15.3m). The Group's robust cash position and healthy levels of cash generation leave it well positioned to continue to invest in its technology base and to pursue organic growth supplemented with targeted acquisition opportunities.

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

**Adjusted EBITDA is defined as earnings before net finance income or expense, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges.

Activity levels returning to normal following the UK General Election

Following the earlier than expected short term impact of the UK General Election in July 2024 on the Group's UK Rail Technology, Transport Consultancy and Traffic Data businesses, we have seen activity returning to normal levels, and expect this to continue through the FY25 financial year.

The new Government has outlined its strategic plans for the future of UK Rail, 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 including pay-as-you-go ("PAYG") smart ticketing, best value fare guarantees, and automated delay repay. Tracsis's products and services are well aligned with these objectives.

Positive commercial progress

The Group has made significant progress in executing its operational growth strategy during the year, including:

- Double digit organic revenue growth from the Rail Technology and Services Division in the UK despite activity restrictions in the final two months of the financial year due to the UK General Election. The Group has also delivered an increase in rail technology licence usage and annual recurring revenue.
- New contract awards in smart ticketing and delay repay and the next funded phase of RailHub development from Network Rail.
- Continued growth in the Group's pipeline of major software opportunities across both the UK and North

American markets. The Group estimates this has more than doubled in size during the 12 months ended 31 July 2024.

- Completed the development of a new Computer Aided Dispatch product ("PTC BOS") in North America. This opens a large new product segment opportunity for Tracsis in this market, where we have a growing pipeline of new opportunities.
- Secured renewals with several of the Group's largest customers in the Data, Analytics, Consultancy and Events Division for delivery in FY25, which underpin expectations for this division.

Completion of operating model transformation and increased focus on fast-growing, higher margin opportunities

The Group has executed a programme of actions during the year to transform its operating model, positioning it well to deliver long-term scalable growth, increased annual recurring software revenue, and improved profitability.

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 operating footprint.

As part of the operating model transformation, the Group has re-focused its product and services portfolio on fast-growing, higher margin activities. As a result, the Group will no longer pursue new contracts for certain non software-related activities which are not aligned with these objectives. These activities are principally within its Transport Consultancy business in the UK and within part of its Rail Technology North America portfolio. Whilst this will see a short-term reduction of c.£5m in revenue and a reduction in associated EBITDA, we are confident this will enable the Group to deliver on its strategy of focusing on higher growth, higher margin application software activities.

Non-repeat exceptional costs associated with the delivery of the operating model transformation, including the actions to re-focus the Group's portfolio, are expected to total c.£3m for the full year ended 31 July 2024, inclusive of the £1.3m exceptional costs disclosed in the interim results.

Well positioned for long-term growth

The actions taken to transform the Group's operating model, re-focus its product and services portfolio, strengthen the leadership teams, and accelerate pipeline growth have put the Group in a strong position to deliver further growth.

The Group continues to build a large pipeline of major software opportunities in the UK and North American rail technology markets as the industry looks to modernise and adopt digital solutions, underpinning its growth ambitions for the next financial year and beyond.

Chris Barnes, Chief Executive Officer of Tracsis, commented:

"With the disruption caused by the timing of the UK General Election now behind us, we have continued to make good progress towards our strategic objectives in the year.

The business remains well placed, with all signs suggesting that the UK rail industry's transition to a data-driven, customer-focused, safety-critical future will continue under the new government. Alongside the positive momentum we have seen in our pipeline of software opportunities in both the UK and North American markets, this leaves us in a strong position to drive ongoing scalable growth in FY25 and beyond.

We are committed to our strategy to deliver long-term value for all our stakeholders through the continued pursuit of both organic and acquisitive growth, supported by a strong balance sheet and healthy cash generation, and look to the future with confidence."

Notice of Results and Investor Presentation

Results for the year ended 31 July 2024 will be announced on Wednesday 20 November 2024.

The Board is committed to communicating with all investors equally and directly, to ensure that its strategy, business model and performance are clearly understood. Accordingly, as part of the Group's full year results roadshow, a live online investor presentation will be given by management on Friday 22 November 2024 at 1.00pm UK time.

Anyone wishing to participate should register here: https://bit.ly/TRCS_FY24_results_webinar

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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Notes to editors:

- Tracsis plc is a technology company and a leading provider of software and hardware products, data capture and data analytics/GIS services for the rail, traffic data and wider transport industries.
- Tracsis's products and services are widely used to increase efficiency, reduce cost and risk, improve operational and asset performance, improve safety management and decision making capabilities and improve the overall end-user experience for clients and customers.
- The Group is split into two principal operating areas built around detailed industry knowledge and expertise:
 - **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, and 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.
 - **Data, Analytics, Consultancy & Events:** A largely services led business that focuses on data capture, data analytics, GIS, earth observation, data insights, consultancy and event traffic management within a range of transport and pedestrian rich environments. The business provides technology and bespoke products and data that underpin large scale intelligent transport systems, smart city planning and positive environmental decision making.
- Tracsis has a blue-chip client base which includes all major UK transport owning groups, Network Rail, Passenger and Freight Train Operating Companies, the Department for Transport, TfL, 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.
- The business drives growth both organically and through acquisition and has made seventeen acquisitions since 2008.

For more information on Tracsis please visit <http://www.tracsis.com>

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