RNS Number : 9471F
Tracsis PLC
24 April 2025

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**Tracsis plc**

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

**Unaudited Interim results for the six months ended 31 January 2025**

*Group fundamentals remain strong despite lower H1 financial performance*

*Ongoing growth in annual recurring revenues*

Tracsis plc (LSE: TRCS), a leading transport technology provider, is pleased to announce its unaudited interim results for the six months ended 31 January 2025.

**Financial Highlights:**

| **Financial Results (£'m)** | **H1 25** | H1 24 | |
|---|---|---|---|
| Revenue | **36.3** | 36.6 | -1% |
| Adjusted EBITDA * | **3.8** | 5.7 | -33% |
| Adjusted EBITDA * % | **10.5%** | 15.5% | -504bps |
| Cash | **22.1** | 16.8 | |
| Adjusted diluted earnings per share * | **7.7p** | 10.3p | -25% |
| **Statutory Results** | | | |
| Operating loss | **(1.1)** | (0.3) | -267% |
| Loss before tax | **(0.7)** | (0.3) | -133% |
| Basic loss per share | **(1.5p)** | (1.6p) | 7% |
| Interim dividend per share | **1.2p** | 1.1p | +9% |

- H1 performance impacted by three key headwinds as previously communicated:
    1. Control Period 7 ("CP7") funding shortfalls led to a 57% reduction in UK Remote Condition Monitoring ("RCM") hardware revenues
    2. Cyber-attack at major UK transport authority left it unable to place any contract work for four months, resulting in a c.50% reduction in Traffic Data revenues from that customer
    3. Lower profitability in Traffic Data and Events from inflationary input cost increases; pricing and cost actions underway, with the initial benefits expected in H2 FY25

- Revenues up 2% (£0.7m) excluding H1 FY24 Transport Consultancy revenue no longer pursued[1]
    - Rail Technology & Services revenue up 2% (£0.3m) despite CP7 headwinds; growth across UK product categories apart from RCM
    - Data, Analytics, Consultancy & Events like-for-like revenue[1] up 2% (£0.4m)

- Adjusted EBITDA impacted by:
    - c.£0.6m additional contribution from growth in Rail Technology & Services (ex-CP7 headwind)
    - c.£1.5m reduction from CP7 headwind and customer cyber-attack impact
    - c.£1.0m reduction from Traffic Data and Events

- Healthy cash generation and strong balance sheet to invest in growth

- £3m share buyback programme launching later today and progressive dividend policy maintained

**Strategic Highlights:**

- Ongoing growth in recurring software revenues:
    - Rail Technology & Services recurring licence revenue[2] up 7% to £10.0m
    - Consumer-driven Pay-As-You-Go ("PAYG") and delay repay transactional revenue[3] up 18% to £2.0m

- Key Rail Technology product deployments driving recurring revenue growth and international diversification:

- Key Rail Technology product deployments driving recurring revenue growth and international diversification:
    - o Operations & Planning:
        - First UK intercity TRACS Enterprise deployment completed; first UK light rail deployment completed post period-end
        - First full deployment of Positive Train Control variant of Train Dispatch product with US commuter rail provider completed
    - o Customer Experience:
        - Expanded contactless PAYG smart ticketing in South Wales; launched ScotRail PAYG app
    - o Safety & Risk Management:
        - RailHub functionality expansion across Network Rail continued

- Multi-year contract wins post period-end support future revenue growth:
    - o Customer Experience:
        - Tap Converter contract with Rail Delivery Group to provide the central smart ticketing technology platform enabling PAYG travel in urban areas across UK National Rail
    - o Safety & Risk Management:
        - New Network Rail programme for RailHub development through H2 FY25, FY26 and beyond

**FY25 Outlook:**

- UK Rail market uncertainty expected to persist into FY26, with a continued impact on near-term procurement timelines in RCM and Operations and Planning

- Impact of recently announced US tariffs on procurement activity by rail-served ports, freight operators and industrials in North America is currently unclear

- Without further material contract wins, the Board expects FY25 adjusted EBITDA to be in the range £12.5m - £13.5m

- Focus remains on growing recurring software licence and consumer-driven transactional revenues whilst continuing to diversify internationally

**Chris Barnes, Chief Executive Officer, commented:**

*"H1 FY25 performance was disappointing, however the factors behind this will not persist long-term and where possible we have taken action to address them. With a confirmed orderbook and seasonally higher activity levels, we are confident that we will deliver an improved financial performance in H2.*

*We are making good progress against our strategic objectives: focusing the business on higher-margin technology solutions; growing annual recurring and transactional revenues; and expanding our international presence. This is supported by strategic M&A and R&D investments alongside the work we have done to transform our operating model.*

*The long-term demand for data-driven, customer-focused and safety-critical solutions in our end markets remains strong, despite the near-term headwinds. With a clear strategy, robust core of recurring revenue, healthy cash generation and a strong balance sheet, we remain confident in the Group's prospects".*

**Presentation and Overview videos**

Tracsis is hosting an online presentation open to all investors on Friday 25 April 2025 at 1.00pm UK time. Anyone wishing to connect should register here: https://engageinvestor.news/TRCS_IP25

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: https://vimeo.com/1078021840/fa025c5c33?share=copy

**Contacts**

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

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

[1] *Excluding revenue from Transport Consultancy activities no longer being pursued (H1 FY25: £0.2m, H1 FY24: £1.2m)*

[2] *Revenue from software licences where the product has been deployed with the end customer. Includes annual renewals and multi-year contracts*

[3] *Revenue from processing consumer PAYG smart ticketing and delay repay transactions*

## Management Overview

### Summary

#### *H1 performance impacted by three key headwinds as previously communicated*

1. UK Rail CP7 delays. Slower-than-expected start to CP7 funding reduced UK RCM hardware revenue by 57%, negatively impacting adjusted EBITDA by c.£1m. All other Rail Technology project categories remain unaffected

2. Cyber-attack on key Traffic Data customer. A four-month pause in orders from this customer reduced adjusted EBITDA by c.£0.5m. With the issue now resolved we expect to see increased revenue from that customer in H2 of FY25

3. Lower Traffic Data and Events profitability. Due to inflationary input cost increases not fully mitigated through pricing in the period, in part due to the timing of when work is contracted. Actions have been taken to address this and deliver increased profitability, including both operational and pricing changes as well as tighter expenditure control. These will benefit H2 FY25 with the full positive impact expected in FY26

#### *Growth in Rail Technology recurring revenue*

- Rail Technology & Services recurring software licence revenue increased by 7% to £10.0m, driven mainly by growth in the UK including a successful TRACS Enterprise deployment and other contract wins

- Consumer-driven transaction revenue increased by 18% to £2.0m following FY24 PAYG and delay replay deployments

- Advanced the funded RailHub development roadmap across Network Rail, with additional development programmes awarded post period-end for work commencing in H2 FY25 and continuing into FY26 and beyond

- Secured significant multi-year Tap Converter contract with the Rail Delivery Group post period-end, embedding Tracsis' ticketing technology as the back-office solution for a UK rollout of PAYG on the National Rail network

#### *Improved profitability expected in H2 supported by strong fundamentals*

- Rail Technology & Services has a large installed base with transport operators and infrastructure owners, driving significant recurring software revenue. This is unaffected by near-term market headwinds term market headwinds

- Post period-end we have secured Rail Technology & Services contract renewals in line with expectations, some of which are multi-year

- Data, Analytics, Consultancy & Events has a high level of repeat revenue with a consistent seasonal H2 weighting

- The Group's cash generation remains healthy, underpinned by the base of recurring and repeat revenue across both divisions

***North America remains a key strategic priority despite slower than anticipated progress***

- First full deployment of a Positive Train Control variant of Train Dispatch solution with a US commuter rail provider completed in H1 of FY25

- Healthy pipeline of similar contracts with passenger, freight & industrial operators, though progress in securing them has been slower than anticipated and timelines remain subject to evolving customer requirements

- During the period we also delivered an RCM hardware and software expansion with a US transit customer

- We have further reduced our cost base in North America during H1 FY25 while maintaining the ability to win and deliver future contracts

- We remain confident of the long-term opportunity in this market where the industry is actively looking for new participants

**Outlook**

***Rail headwinds likely to persist into FY26***

- We expect RCM hardware volumes to return closer to historical levels as CP7 progresses and as larger infrastructure investment projects are approved by Network Rail, however the timing of this remains uncertain. We do not expect a full recovery within FY25

- While Tracsis' products and services are well aligned with the UK government's strategic plans for the future of UK Rail, the proposed renationalisation of Train Operating Companies ("TOC's") alongside the creation of Great British Railways is driving extended procurement timelines

- The impact of US tariffs on procurement activity from rail-served ports, freight operators and industrials in North America is currently unclear

- The Group's customer experience and safety & risk management activities are unaffected by near-term market headwinds. In both product categories we have been awarded new work post period-end that will deliver revenue through H2 FY25 and beyond

***Revised FY25 guidance***

- Given the continued near term uncertainty in the rail market resulting from the external factors outlined above, the Board has reviewed its expectations for FY25 based on a scenario that assumes:

  - Delivery of the confirmed orderbook of work for the remainder of FY25
  - No material change in CP7 funding in H2 and therefore no increase in RCM hardware volumes versus the H1 FY25 run rate
  - No material new contract wins in the UK TOC market or North America given extended procurement processes
  - For those parts of the Group with short order lead times, run rate activity levels for the remainder of FY25 consistent with historical trends

- Applying these assumptions the Board expects to deliver FY25 adjusted EBITDA in the range of £12.5m - £13.5m, with an H2 weighting underpinned by the Rail Technology & Services orderbook and the seasonality of activity levels in Data, Analytics, Consultancy & Events

**Growth Strategy**

***Favourable long-term macro trends and an unchanged strategy***

- Strong, enduring market drivers in the UK, North America and other international markets as transport industries modernise and adopt digital solutions that increase efficiency, enhance performance, increase productivity and improve safety

- Tracsis is well positioned to capitalise on structural trends, with proven technology, deep sector expertise, and a track record as a trusted partner to transport operators, infrastructure providers and government agencies

- Successful organisational transformation over the past two years has strengthened the Group's resilience, improved revenue quality and enhanced its ability to secure strategic, multi-year opportunities that support long-term growth

- Focused on scaling the business and growing recurring revenues from software licence and consumer-driven transactions, driving long-term growth and margin accretion

***Four strategic pillars for sustainable and profitable growth***

1. **Embed a product-focused business model**
   - Built around a smaller number of scalable application software platforms
   - Ongoing portfolio discipline, focused on higher margin transport technology solutions

2. **Growth in recurring revenues**
   - Focus on growth in software licence revenue and consumer-driven transactions
   - Grow and convert the pipeline of software opportunities in UK and North America

3. **Margin accretion and strong cashflow**
   - Application software product portfolio will accelerate time to market
   - Complete the implementation of a global delivery model to remove duplication

4. **Investment in R&D and M&A**
   - R&D investment to further modularise our products and to access international markets
   - Supplement organic growth with M&A focused on high margin recurring revenue growth

***Capital allocation to deliver long-term shareholder value***

The Group's cash balance, robust fundamentals and healthy cash generation position it well to continue to invest in growth. We will allocate capital in line with our growth strategy, with a clear focus on growing high margin recurring revenues:

1. **Organic Growth**
   - Capex and working capital to support operational delivery
   - R&D investment to further consolidate our product portfolio around core, modular application software platforms, and to access international markets

2. **M&A**
   - Disciplined criteria focused on recurring revenue growth, earnings accretion and cash generation
   - Acquisitions integrated into the Group's global delivery model
   - Portfolio discipline to focus on core activities and assets

3. **Returns to Shareholders**
   - Maintain progressive dividend
   - Surplus cash returned to shareholders

**Share Buyback**

The Board is confident in the Group's ability to deliver long-term sustainable shareholder value and intends to launch a share buyback programme of up to £3m.

**Dividend**

The Board remains committed to a progressive dividend policy. The Board has declared an interim dividend of 1.2 pence per share which will be paid on 23 May 2025 to shareholders on the register at 9 May 2025. A final dividend of 1.3 pence per share was paid on 4 February 2025 in respect of the year ended 31 July 2024.

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| | |
|---|---|
| Jill Easterbrook<br>Non-Executive Chair<br>24 April 2025 | Chris Barnes<br>Chief Executive Officer |

**Financial Overview**

**Trading Performance**

Total Group revenue of £36.3m was 1% (£0.3m) lower than in the prior period. After adjusting for non-repeating revenue from the Transport Consultancy activities no longer being pursued as previously announced, revenue on a like-for-like basis[1] was 2% (£0.7m) higher than the prior period. Rail Technology & Services revenue increased by 2% (£0.3m) and Data, Analytics, Consultancy & Events revenue increased by 2% (£0.4m) on a like-for-like basis.

Adjusted EBITDA of £3.8m was 33% (£1.9m) lower than in the prior period, with an adjusted EBITDA margin of 10.5% vs 15.5% in H1 FY24. The lower level of profitability was driven by the near-term headwinds.

The impact of these headwinds on the Group's profitability was partly offset by healthy profit growth in the Rail Technology & Services Division which is benefiting from actions taken to streamline this business.

H1 delivered a statutory loss before tax of £0.7m (H1 FY24: £0.3m). In addition to the £1.9m decrease in adjusted EBITDA described above, this reflects:

- £0.7m non-recurring exceptional cash costs relating to the transformation of the Group's operating model, mainly headcount reductions that were completed after 31 July 2024 for operational reasons (H1 FY24: £1.3m);
- £1.1m depreciation charge and £2.7m amortisation of intangible assets, both at similar levels to the prior period;
- £0.3m of share based payment charges (H1 FY24: £0.7m) lower than the prior period due to the timing of awards; and
- £0.3m net finance income (H1 FY24: <£0.1m) reflecting returns on cash balances.

The Group continues to have significant levels of cash and remains debt free. Cash generation remains healthy. At 31 January 2025 the Group's cash balances were £22.1m, which is £5.3m higher than the prior period (H1 FY24: £16.8m) and £2.3m higher than at 31 July 2024.

**Divisional Performance**

**Rail Technology & Services**

*Modest revenue growth despite near term CP7 headwinds, benefitting from a large installed base of mission-critical solutions with continued progress in long-term drivers of value.*

| | | |
|---|---|---|
| Revenue | £16.8m (H1 FY24: £16.5m) | +2% |
| Recurring Software Licence Revenue [2] | £10.0m (H1 FY24: £9.4m) | +7% |
| Consumer-Driven Transactional Revenue [3] | £2.0m (H1 FY24: £1.7m) | +18% |
| Adjusted EBITDA* | £3.0m (H1 FY24: £3.4m) | -12% |
| Profit/(loss) before Tax | £0.2m (H1 FY24: (£0.2m)) | |

- **Revenue increased by 2% (£0.3m)**
  - Rail Technology UK £15.0m +5% (£0.7m) vs H1 FY24. Growth in all product categories except RCM hardware which declined due to previously signposted Network Rail CP7 funding impact. H1 included the benefit from work to deliver the next funded phase of RailHub to expand the functionality of this safety and risk management system.
  - Rail Technology North America £1.8m -18% (-£0.4m) vs H1 FY24. Lower level of project delivery revenue following completion of the Train Dispatch deployment during the period.
  - Orderbook underpins further growth in H2 of FY25. We have an orderbook of work including the benefit from the recent PAYG Tap Converter contract win and the RailHub development programme that leaves us well placed to deliver further revenue growth in H2 of FY25.

- **Ongoing growth in recurring software licence revenue and revenue from consumer activity**
  - Recurring software licence revenue £10.0m +7% (£0.6m) vs H1 FY24. Growth is mainly in the UK from the Operations and Planning portfolio including the benefit of the H1 FY25 TRACS Enterprise deployment and from other contract wins.
  - Consumer-driven transactional revenue £2.0m +18% (£0.3m) vs H1 FY24. Growth is driven by new customer deployments completed during FY24 as previously announced: two PAYG smart ticketing and one delay repay deployment.

- **Adjusted EBITDA decreased by 12% (£0.3m)**

- £1.0m adverse EBITDA impact from lower UK RCM hardware revenue
- Margin improvement across the rest of the portfolio
- Further cost out actions taken in North America during the period

- **Profit before tax increased by £0.4m**
  - £0.6m transformation costs in H1 of FY25 mainly related to headcount reductions in North America
  - Benefit from lower transformation costs and an increased level of interest received on cash balances

**Data, Analytics, Consultancy & Events**

*Adverse margin impact from Traffic Data & Events. Actions taken to improve profitability with the initial benefits expected during H2 of FY 25*

| | | |
|---|---|---|
| Revenue | £19.5m (H1 FY24: £20.1m) | -3% |
| Like for like Revenue [1] | £19.3m (H1 FY24: £18.9m) | +2% |
| Adjusted EBITDA * | £0.8m (H1 FY24: £2.2m) | -64% |
| (Loss)/profit before Tax | (£0.7m) (H1 FY24: £0.6m) | |

- **Reported revenue decreased by 3% (-£0.6m)**
  - Reflects H1 FY24 revenue from Transport Consultancy activities no longer being pursued. As previously announced, the Group is no longer pursuing certain non software related low margin activities previously delivered through its Transport Consultancy business. These delivered £0.2m revenue in H1 FY25 from completion of the final projects in the orderbook, and £1.2m revenue in H1 FY24

- **Revenue increased by 2% (£0.4m) on a like-for-like basis**
  - Driven by increased activity levels in Events. Activity levels remain high and the business delivered record H1 revenue of £8.5m.
  - One-off headwind from Traffic Data customer cyber-attack. As previously announced, a large Traffic Data customer experienced a cyber-attack during H1 of FY25 and was unable to place work with the Group whilst this was rectified. This issue has now been resolved and we expect to see a recovery in revenue through the remainder of FY25.

- **Adjusted EBITDA decreased by 64% (£1.4m)**
  - c.£0.5m headwind from cyber-attack suffered by a Traffic Data customer. The one-off headwind described above resulted in adjusted EBITDA for H1 FY25 being c.£0.5m lower than in H1 FY24.
  - Actions taken to improve Traffic Data and Events profitability. There was a significant decrease in gross margin across the Traffic Data and Events businesses during the period, resulting in adjusted EBITDA for H1 FY25 being c.£1.0m lower than in H1 FY24. This was caused by a sharp increase in input costs across the supply chain that was not fully mitigated through pricing, in part due to the timing of when work is contracted. We have taken actions to address this and deliver increased profitability. These include operational changes, pricing, and close control of expenditure. We expect to deliver an increased margin in both businesses during H2 of FY25 with the full benefit of these actions being delivered in FY26.

- **Loss before tax of £0.7m is £1.3m lower than the prior period**
  - Reflects the lower level of EBITDA contribution partly offset by lower transformation costs. Transformation Costs of £0.2m in H1 FY25 mainly relate to the final headcount reductions from the Group transformation programme.

**Cash Generation**

Free cash flow increased to £2.3m (H1 FY24: £1.2m), despite the £1.9m decrease in adjusted EBITDA described above. This included the benefit from favourable working capital movements including the unwind of the large trade receivables balance at 31 July 2024, a lower level of capital expenditure, a lower level of tax paid reflecting the timing of instalments under the UK tax regime, and a higher level of net interest received including the initial benefit from actions taken to centralise cash management activities as part of the Group transformation.

The Group is historically more cash generative in the second half of the year, reflecting the timing of licence renewals and the seasonality of certain parts of the Group.

Free Cash Flow*

| | Unaudited Six months Ended 31 January 2025 £'m | Unaudited Six months Ended 31 January 2024 £'m | Audited Year Ended 31 July 2024 £'m |
|---|---|---|---|
| Adjusted EBITDA * | **3.8** | 5.7 | 12.8 |
| Changes in working capital | **0.9** | (0.3) | (0.5) |
| Purchase of property, plant and equipment (net of proceeds from disposal) | **(0.3)** | (0.9) | (1.2) |
| Lease liability payments (net of lease receivable receipts) | **(0.7)** | (0.5) | (1.4) |
| Capitalised development costs | **(0.4)** | (0.2) | (0.5) |
| Tax paid | **(0.2)** | (1.3) | (1.7) |
| Other [4] | **0.2** | - | 0.2 |
| Free cash flow before exceptional items | **3.3** | 2.5 | 7.7 |
| Cash outflows on exceptional items | **(1.0)** | (1.3) | (2.3) |
| **Free Cash Flow** | **2.3** | 1.2 | 5.4 |

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*[1] Excluding revenue from Transport Consultancy activities no longer being pursued (H1 FY25: £0.2m, H1 FY24: £1.2m)*

*[2] Revenue from software licences where the product has been deployed with the end customer. Includes annual renewals and multi-year contracts*

*[3] Revenue from processing consumer PAYG smart ticketing and delay repay transactions*

*[4] Includes net interest received or paid, profit on disposal of property, plant and equipment, and proceeds from exercise of share options*

Andy Kelly
Chief Financial Officer
24 April 2025

## Tracsis plc - Condensed consolidated interim statement of comprehensive income for the six months ended 31 January 2025

| | Notes | Unaudited six months ended 31 January 2025 £000 | Unaudited six months ended 31 January 2024 £000 | Audited year ended 31 July 2024 £000 |
|---|---|---|---|---|
| **Revenue** | 3 | **36,308** | 36,582 | 81,022 |
| **Cost of sales** | | **(15,863)** | (14,520) | (35,009) |
| **Gross profit** | | **20,445** | 22,062 | 46,013 |
| Administrative costs | | **(21,526)** | (22,370) | (45,046) |
| **Adjusted EBITDA [1]** | 3, 10 | **3,801** | 5,674 | 12,759 |
| Depreciation | | **(1,141)** | (1,144) | (2,371) |
| Amortisation of intangible assets | | **(2,744)** | (2,802) | (5,526) |
| Other operating income | | **-** | - | 7 |
| Share-based payment charges | | **(276)** | (740) | (899) |
| **Operating (loss) / profit before exceptional items** | | **(360)** | 988 | 3,970 |
| Exceptional items | 4 | **(721)** | (1,296) | (3,003) |
| **Operating (loss) / profit** | | **(1,081)** | (308) | 967 |
| Net finance income | 5 | **339** | 40 | 28 |
| **(Loss) / profit before tax** | | **(742)** | (268) | 995 |
| Taxation | | **285** | (220) | (507) |
| **(Loss) / profit after tax** | | **(457)** | (488) | 488 |

| | | | | |
|---|---|---|---|---|
| (Loss) / profit after tax | | [illegible] | [illegible] | [illegible] |
| **Other comprehensive income / (expense)** | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | |
| Foreign currency translation differences | | **433** | 194 | (295) |
| **Total comprehensive (expense) / income for the period** | | **(24)** | (294) | 193 |
| Earnings per ordinary share | | | | |
| Basic | 6 | **(1.51p)** | (1.62p) | 1.62p |
| Diluted | 6 | **(1.51p)** | (1.62p) | 1.59p |

[1] Earnings before net finance income, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges - see note 10.

## Tracsis plc - Condensed consolidated interim balance sheet as at 31 January 2025

| | Notes | **Unaudited at 31 January 2025 £000** | Unaudited at 31 January 2024 £000 | Audited at 31 July 2024 £000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | | **4,104** | 5,104 | 4,992 |
| Intangible assets | | **50,529** | 55,242 | 52,610 |
| Deferred tax assets | | **1,669** | 666 | 1,376 |
| | | **56,302** | 61,012 | 58,978 |
| **Current assets** | | | | |
| Inventories | | **1,650** | 1,461 | 1,512 |
| Trade and other receivables | | **13,479** | 13,605 | 21,536 |
| Current tax receivables | | **663** | 1,609 | 1,011 |
| Cash and cash equivalents | | **22,086** | 16,755 | 19,773 |
| | | **37,878** | 33,430 | 43,832 |
| **Total assets** | | **94,180** | 94,442 | 102,810 |
| **Non-current liabilities** | | | | |
| Lease liabilities | | **494** | 794 | 737 |
| Contingent consideration payable | 11 | **-** | 145 | - |
| Deferred tax liabilities | | **6,416** | 6,909 | 7,132 |
| | | **6,910** | 7,848 | 7,869 |
| **Current liabilities** | | | | |
| Lease liabilities | | **720** | 1,435 | 1,123 |
| Trade and other payables | | **18,362** | 16,856 | 25,498 |
| Contingent consideration payable | 11 | **154** | - | 151 |
| Deferred consideration payable | | **-** | 314 | - |
| Current tax liabilities | | **-** | 126 | - |
| | | **19,236** | 18,731 | 26,772 |
| **Total liabilities** | | **26,146** | 26,579 | 34,641 |
| **Net assets** | | **68,034** | 67,863 | 68,169 |
| **Equity attributable to equity holders of the Company** | | | | |
| Called up share capital | | **122** | 128 | 121 |
| Share premium | | **6,542** | 6,535 | 6,535 |
| Merger reserve | | **6,161** | 6,161 | 6,161 |
| Retained earnings | | **54,991** | 54,765 | 55,567 |
| Translation reserve | | **268** | 324 | (165) |
| Fair value reserve | | **(50)** | (50) | (50) |
| **Total equity** | | **68,034** | 67,863 | 68,169 |

## Tracsis plc - Consolidated interim statement of changes in equity for the six months ended 31 January 2025

**Unaudited** **Fair**

| | Share Capital £000 | Share Premium £000 | Merger Reserve £000 | Retained Earnings £000 | Translation Reserve £000 | Value Reserve £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| At 1 August 2023 | 120 | 6,535 | 6,161 | 54,875 | 130 | (50) | 67,771 |
| Loss for the period | - | - | - | (488) | - | - | (488) |
| Other comprehensive income | - | - | - | - | 194 | - | 194 |
| Total comprehensive loss | - | - | - | (488) | 194 | - | (294) |
| *Transactions with owners:* | | | | | | | |
| Dividends | - | - | - | (362) | - | - | (362) |
| Share-based payment charges | - | - | - | 740 | - | - | 740 |
| Exercise of share options | 8 | - | - | - | - | - | 8 |
| At 31 January 2024 | 128 | 6,535 | 6,161 | 54,765 | 324 | (50) | 67,863 |
| At 1 February 2024 | 128 | 6,535 | 6,161 | 54,765 | 324 | (50) | 67,863 |
| Profit for the period | - | - | - | 976 | - | - | 976 |
| Other comprehensive expense | - | - | - | - | (489) | - | (489) |
| Total comprehensive income | - | - | - | 976 | (489) | - | 487 |
| *Transactions with owners:* | | | | | | | |
| Dividends | - | - | - | (333) | - | - | (333) |
| Share-based payment charges | - | - | - | 159 | - | - | 159 |
| Exercise of share options | (7) | - | - | - | - | - | (7) |
| At 31 July 2024 | 121 | 6,535 | 6,161 | 55,567 | (165) | (50) | 68,169 |
| At 1 August 2024 | **121** | **6,535** | **6,161** | **55,567** | **(165)** | **(50)** | **68,169** |
| Loss for the period | **-** | **-** | **-** | **(457)** | **-** | **-** | **(457)** |
| Other comprehensive income | **-** | **-** | **-** | **-** | **433** | **-** | **433** |
| Total comprehensive loss | **-** | **-** | **-** | **(457)** | **433** | **-** | **(24)** |
| *Transactions with owners:* | | | | | | | |
| Dividends | **-** | **-** | **-** | **(395)** | **-** | **-** | **(395)** |
| Share-based payment charges | **-** | **-** | **-** | **276** | **-** | **-** | **276** |
| Exercise of share options | **1** | **7** | **-** | **-** | **-** | **-** | **8** |
| At 31 January 2025 | **122** | **6,542** | **6,161** | **54,991** | **268** | **(50)** | **68,034** |

## Tracsis plc - Condensed consolidated interim cash flow statement for the six months ended 31 January 2025

| | Notes | **Unaudited six months ended 31 January 2025 £000** | Unaudited six months ended 31 January 2024 £000 | Audited year ended 31 July 2024 £000 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| (Loss) / profit for the period | | **(457)** | (488) | 488 |
| Net finance income | 5 | **(339)** | (40) | (28) |
| Depreciation | | **1,141** | 1,144 | 2,371 |
| Profit on disposal of property, plant and equipment | | **-** | (16) | (15) |
| Non-cash exceptional items | 4 | **6** | 7 | 274 |
| Other operating income | | **-** | - | (7) |
| Amortisation of intangible assets | | **2,744** | 2,802 | 5,526 |
| Income tax (credit) / charge | | **(285)** | 220 | 507 |
| Share-based payment charges | | **276** | 740 | 899 |
| Operating cash inflow before changes in working capital | | **3,086** | 4,369 | 10,015 |
| Movement in inventories | | **(135)** | 13 | (48) |
| Movement in trade and other receivables | | **8,265** | 6,779 | (2,394) |
| Movement in trade and other payables | | **(7,594)** | (7,042) | 2,408 |
| Cash generated from operations | | **3,622** | 4,119 | 9,981 |
| Interest received | | **262** | 70 | 171 |
| Income tax paid | | **(245)** | (1,337) | (1,652) |
| Net cash flow from operating activities | | **3,639** | 2,852 | 8,500 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | | **(253)** | (951) | (1,487) |

| | | | | |
|---|---|---|---|---|
| Proceeds from disposal of property, plant and equipment | | **-** | 49 | 241 |
| Capitalised development costs | | **(395)** | (204) | (462) |
| Payment of deferred consideration | | **-** | - | (315) |
| Net cash flow used in investing activities | | **(648)** | (1,106) | (2,023) |
| **Financing activities** | | | | |
| Dividends paid | 8 | **-** | - | (695) |
| Proceeds from exercise of share options | | **8** | 8 | 1 |
| Lease liability payments | | **(684)** | (537) | (1,441) |
| Lease receivable receipts | | **-** | 16 | 32 |
| Net cash flow used in financing activities | | **(676)** | (513) | (2,103) |
| Net increase in cash and cash equivalents | | **2,315** | 1,233 | 4,374 |
| Exchange adjustments | | **(2)** | 215 | 92 |
| Cash and cash equivalents at the beginning of the period | | **19,773** | 15,307 | 15,307 |
| Cash and cash equivalents at the end of the period | | **22,086** | 16,755 | 19,773 |

## Notes to the consolidated interim report for the six months ended 31 January 2025

### 1 Basis of preparation

The unaudited consolidated interim financial information has been prepared under the historical cost convention and in accordance with the recognition and measurement requirements of UK-adopted international accounting standards. There has been no ISRE 2410 accordant review of the consolidated interim financial information by an independent auditor. The condensed consolidated interim financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should therefore be read in conjunction with the Group's Annual Report for the year ended 31 July 2024, which has been prepared in accordance with UK-adopted international accounting standards and is available on the Group's investor website.

The accounting policies used in the financial information are consistent with those used in the Group's consolidated financial statements as at and for the year ended 31 July 2024, as detailed on pages 93 to 99 of the Group's Annual Report and Financial Statements for the year ended 31 July 2024, a copy of which is available on the Group's website: https://tracsis.com/investors.

The comparative financial information contained in the condensed consolidated financial information in respect of the year ended 31 July 2024 has been extracted from the 2024 Financial Statements. Those financial statements have been reported on by Grant Thornton UK LLP and delivered to the Registrar of Companies. The report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at the year ended 31 July 2024.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 July 2024.

There have been no new accounting standards or changes to existing accounting standards applied for the first time from 1 August 2024 which have a material effect on these interim results. The Group has chosen not to early adopt any new standards or amendments to existing standards or interpretations.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this interim financial information. The Group is debt free and has substantial cash resources. At 31 January 2025 the Group had net cash and cash equivalents totalling £22.1m. The Board has considered future cash flow requirements taking into account reasonably possible changes in trading financial performance.

The condensed consolidated interim financial information was approved for issue on 23 April 2025.

### 2 Principal risks and uncertainties

The Board considers risks on a periodic basis and has maintained that the principal risks and uncertainties of the Group are consistent with the previous year. These risks and uncertainties are expected to be unchanged for the remainder of the financial year. Further details are provided on pages 56 to 61 of the Annual Report & Accounts for the year ended 31 July 2024.

## 3 Revenue and segmental analysis

### a) Revenue

Revenue is summarised below:

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| Rail Technology & Services | **16,816** | 16,477 | 37,608 |
| Data, Analytics, Consultancy & Events | **19,492** | 20,105 | 43,414 |
| Total revenue | **36,308** | 36,582 | 81,022 |

**Geographical split of revenue**

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

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| United Kingdom | **28,638** | 29,121 | 64,823 |
| Ireland | **4,817** | 4,898 | 9,687 |
| Rest of Europe | **171** | 229 | 401 |
| North America | **2,276** | 1,907 | 4,373 |
| Rest of the World | **406** | 427 | 1,738 |
| Total revenue | **36,308** | 36,582 | 81,022 |

### b) Segmental analysis

The Group has divided its results into two segments being Rail Technology & Services and Data, Analytics, Consultancy & Events consistent with the disclosure in the 2024 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.

As disclosed in the 2024 financial statements, 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.

| | **Six months ended 31 January 2025** | |
|---|---|---|
| | **Rail Technology** | **Data, Analytics, Consultancy** |

| | Technology & Services £000 | Consultancy & Events £000 | Unallocated £000 | Total £000 |
|---|---|---|---|---|
| **Income statement** | | | | |
| Total revenue for reportable segments | **16,816** | **19,492** | **-** | **36,308** |
| Cost of sales | **(2,934)** | **(12,929)** | **-** | **(15,863)** |
| Gross profit | **13,882** | **6,563** | **-** | **20,445** |
| Underlying administrative costs | **(10,871)** | **(5,773)** | **-** | **(16,644)** |
| Adjusted EBITDA for reportable segments | **3,011** | **790** | **-** | **3,801** |
| Amortisation of intangible assets | **(2,137)** | **(607)** | **-** | **(2,744)** |
| Depreciation | **(466)** | **(675)** | **-** | **(1,141)** |
| Exceptional items | **(554)** | **(167)** | **-** | **(721)** |
| Share-based payment charges | **-** | **-** | **(276)** | **(276)** |
| Interest receivable / (payable) - net | **356** | **(17)** | **-** | **339** |
| Consolidated profit / (loss) before tax | **210** | **(676)** | **(276)** | **(742)** |

| | Six months ended 31 January 2024 represented* | | | |
|---|---|---|---|---|
| | Rail Technology & Services £000 | Data, Analytics, Consultancy & Events £000 | Unallocated £000 | Total £000 |
| **Income statement** | | | | |
| Total revenue for reportable segments | 16,477 | 20,105 | - | 36,582 |
| Cost of sales | (2,533) | (11,987) | - | (14,520) |
| Gross profit | 13,944 | 8,118 | - | 22,062 |
| Underlying administrative costs | (10,509) | (5,879) | - | (16,388) |
| Adjusted EBITDA for reportable segments | 3,435 | 2,239 | - | 5,674 |
| Amortisation of intangible assets | (2,201) | (601) | - | (2,802) |
| Depreciation | (505) | (639) | - | (1,144) |
| Exceptional items | (939) | (357) | - | (1,296) |
| Share-based payment charges | - | - | (740) | (740) |
| Interest receivable / (payable) - net | 54 | (14) | - | 40 |
| Consolidated profit / (loss) before tax | (156) | 628 | (740) | (268) |

* Exceptional items for the six months ended 31 January 2024 have been represented following the allocation of £305,000 exceptional costs from the Unallocated category to the Rail Technology and Services segment, and of £286,000 exceptional costs from the Unallocated category to the Data, Analytics, Consultancy & Events segment.

| | Year ended 31 July 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 | (1,816) | (1,187) | - | (3,003) |
| Other operating income | - | - | 7 | 7 |
| Share-based payment charges | - | - | (899) | (899) |
| Interest receivable / (payable) - net | (31) | 59 | - | 28 |
| Consolidated profit / (loss) before tax | 2,670 | (783) | (892) | 995 |

| | **31 January 2025** | | | |
|---|---|---|---|---|
| | **Rail Technology & Services £000** | **Data, Analytics, Consultancy & Events £000** | **Unallocated £000** | **Total £000** |
| **Assets** | | | | |
| Total other assets for reportable segments | **10,417** | **9,479** | **-** | **19,896** |
| Intangible assets | **42,081** | **8,448** | **-** | **50,529** |
| Deferred tax assets | **-** | **-** | **1,669** | **1,669** |
| Cash and cash equivalents | **17,151** | **4,935** | **-** | **22,086** |
| Consolidated total assets | **69,649** | **22,862** | **1,669** | **94,180** |
| **Liabilities** | | | | |
| Total other liabilities for reportable segments | **(14,658)** | **(4,523)** | **(395)** | **(19,576)** |
| Deferred tax liabilities | **-** | **-** | **(6,416)** | **(6,416)** |
| Contingent consideration | **-** | **(154)** | **-** | **(154)** |
| Consolidated total liabilities | **(14,658)** | **(4,677)** | **(6,811)** | **(26,146)** |

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

| | 31 July 2024 | | | |
|---|---|---|---|---|
| | Rail Technology & Services | Data, Analytics, Consultancy & Events | Unallocated | Total |
| | £000 | £000 | £000 | £000 |
| **Assets** | | | | |
| Total other assets for reportable segments | 13,318 | 15,733 | - | 29,051 |
| Intangible assets | 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) |
| Consolidated total liabilities | (17,999) | (9,510) | (7,132) | (34,641) |

## 4 Exceptional items

The Group has incurred exceptional items which are analysed as follows:

| | **Six months ended 31 January 2025** | Six months ended 31 January 2024 | Year ended 31 July 2024 |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Non-cash:** | | | |
| Unwind of discounting of contingent consideration | **-** | 7 | 14 |
| Transformation costs - footprint | **6** | - | 260 |
| **Cash:** | | | |
| Transformation costs - headcount | **662** | 564 | 1,201 |
| Transformation costs - IT | **-** | 471 | 650 |
| Transformation costs - footprint | **28** | - | 225 |
| Transformation costs - other | **25** | 254 | 653 |
| **Total exceptional items** | **721** | 1,296 | 3,003 |
| | | | |
| *Split:* | | | |
| Non-cash | **6** | 7 | 274 |
| Cash | **715** | 1,289 | 2,729 |
| **Total** | **721** | 1,296 | 3,003 |

As described in the Group's Annual Report for the year ended 31 July 2024, 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 £721,000 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 that were completed after 31 July 2024 for operational reasons. These costs also include costs of reducing the Group's physical and legal entity footprint and third party costs to support the upgrade of the Group's operating processes.

operating processes.

Exceptional cash flows in the period were £1,030,000, comprising £446,000 in respect of costs accrued at 31 July 2024 and £715,000 of cash exceptional items for the period, less £131,000 in respect of costs accrued at 31 January 2025.

## 5 Net finance income

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| Interest received on bank deposits | **392** | 70 | 171 |
| Net interest on lease liabilities | **(53)** | (50) | (136) |
| Net foreign exchange gain | **-** | 26 | - |
| Unwind of discount of deferred consideration | **-** | (6) | (7) |
| Total net finance income | **339** | 40 | 28 |

## 6 Earnings per share

*Basic earnings per share*

The calculation of basic earnings per share for the half year ended 31 January 2025 was based on the loss attributable to ordinary shareholders of (£457,000) (half year to 31 January 2024: loss (£488,000), year ended 31 July 2024: profit £488,000) and a weighted average number of ordinary shares in issue of 30,359,000 (half year to 31 January 2024: 30,062,000, year ended 31 July 2024: 30,169,000), calculated as set out below.

*Diluted earnings per share*

The calculation of diluted earnings per share for the half year ended 31 January 2025 was based on the loss attributable to ordinary shareholders of (£457,000) (half year to 31 January 2024: loss (£488,000), year ended 31 July 2024: profit £488,000) and the weighted average number of ordinary shares in issue of 30,359,000 with no adjustment presented for potential ordinary shares since such shares were antidilutive in the period (half year to 31 January 2024: 30,062,000, year ended 31 July 2024: 30,628,000), calculated as set out below.

*Weighted average number of ordinary shares*

| In thousands of shares | **Six months ended 31 January 2025** | Six months ended 31 January 2024 | Year ended 31 July 2024 |
|---|---|---|---|
| Issued ordinary shares at start of period | **30,326** | 29,958 | 29,958 |
| Effect of shares issued for cash | **33** | 104 | 211 |
| Weighted average number of shares for the period | **30,359** | 30,062 | 30,169 |
| | | | |
| For the purposes of calculating basic earnings per share | **30,359** | 30,062 | 30,169 |
| Adjustment for the effects of all dilutive potential ordinary shares | **-** | - | 459 |
| For the purposes of calculating diluted earnings per share | **30,359** | 30,062 | 30,628 |
| | | | |
| Basic earnings per share | **(1.51p)** | (1.62p) | 1.62p |
| Diluted earnings per share | **(1.51p)** | (1.62p) | 1.59p |

*Adjusted EPS*

In addition, 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. A reconciliation of this figure is provided below.

Diluted Adjusted Profit EPS has been calculated based on a weighted average number of ordinary shares in issue plus adjustment for the effects of all dilutive potential ordinary shares which totalled 30,712,000 (half year to 31 January 2024: 30,636,000, year ended 31 July 2024: 30,628,000).

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| (Loss) / profit after tax | **(457)** | (488) | 488 |
| Amortisation of intangible assets | **2,744** | 2,802 | 5,526 |
| Share-based payment charges | **276** | 740 | 899 |
| Exceptional items | **721** | 1,296 | 3,003 |

| | | | |
|---|---|---|---|
| Other operating income | **-** | - | (7) |
| Tax impact of the above adjusting items | **(918)** | (1,191) | (2,213) |
| Adjusted profit for EPS purposes | **2,366** | 3,159 | 7,696 |
| | | | |
| *Weighted average number of ordinary shares* | | | |
| In thousands of shares | | | |
| For the purposes of calculating basic adjusted earnings per share | **30,359** | 30,062 | 30,169 |
| Adjustment for the effects of all dilutive potential ordinary shares | **353** | 574 | 459 |
| For the purposes of calculating diluted adjusted earnings per share | **30,712** | 30,636 | 30,628 |
| | | | |
| Basic adjusted earnings per share | **7.79p** | 10.51p | 25.51p |
| Diluted adjusted earnings per share | **7.70p** | 10.31p | 25.13p |

## 7 Seasonality and phasing

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

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

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

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

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

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

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

## 8 Dividends

The Board has declared an interim dividend of 1.2 pence per share which will be paid on 23 May 2025 to shareholders on the register at 9 May 2025. A final dividend of 1.3 pence per share was paid on 4 February 2025 in respect of the year ended 31 July 2024 and a corresponding liability of £395,000 has been recognised within trade and other payables at 31 January 2025. The Board intends to pursue a sustainable and progressive dividend policy in the future, having regard to the development of the Group.

## 9 Related party transactions

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

| | Purchase of goods and services | | | Amounts owed to related parties | | |
|---|---|---|---|---|---|---|
| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 | **At 31 January 2025 £000** | At 31 January 2024 £000 | At 31 July 2024 £000 |
| Ashtead Group PLC (1) | **14** | 18 | 29 | **-** | - | 8 |

There were no sales to related parties in the period, or comparative periods, and no amounts owed by related parties at the end of the period, or comparative periods.

(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 of Ashtead during the period. 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.

## 10 Reconciliation of alternative profit metrics ("APMs")

## 10 Reconciliation of alternative profit metrics ("APMs")

The Group uses APMs, which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). These metrics adjust for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. The largest components of the adjusting items, being depreciation, amortisation 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 income, 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:

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| (Loss) / profit before tax | **(742)** | (268) | 995 |
| Net finance income | **(339)** | (40) | (28) |
| Share-based payment charges | **276** | 740 | 899 |
| Exceptional items | **721** | 1,296 | 3,003 |
| Other operating income | **-** | - | (7) |
| Amortisation of intangible assets | **2,744** | 2,802 | 5,526 |
| Depreciation | **1,141** | 1,144 | 2,371 |
| Adjusted EBITDA | **3,801** | 5,674 | 12,759 |

*Adjusted basic earnings per share*

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

*Free cash flow*

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

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| Net cash flow from operating activities | **3,639** | 2,852 | 8,500 |
| Purchase of property, plant and equipment | **(253)** | (951) | (1,487) |
| Proceeds from disposal of property, plant and equipment | **-** | 49 | 241 |
| Proceeds from exercise of share options | **8** | 8 | 1 |
| Capitalised development costs | **(395)** | (204) | (462) |
| Lease liability payments | **(684)** | (537) | (1,441) |
| Lease receivable receipts | **-** | 16 | 32 |
| Free cash flow | **2,315** | 1,233 | 5,384 |

## 11 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 (£1,465,000). 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 €183,000 (£154,000) at 31 January 2025.

At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable as follows:

| | **At 31 January 2025 £000** | At 31 January 2024 £000 | At 31 July 2024 £000 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| The Icon Group Limited | **154** | 145 | 151 |

The movement on contingent consideration can be summarised as follows:

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| At the start of the period | **151** | 139 | 139 |
| Unwind of discounting | **-** | 7 | 14 |
| Exchange adjustment | **3** | (1) | (2) |
| At the end of the period | **154** | 145 | 151 |

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

| | **At 31 January 2025 £000** | At 31 January 2024 £000 | At 31 July 2024 £000 |
|---|---|---|---|
| Payable in less than one year | **154** | - | 151 |
| Payable in more than one year | **-** | 145 | - |
| Total contingent consideration payable | **154** | 145 | 151 |

**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:

| | **Six months ended 31 January 2025 £000** | Six months ended 31 January 2024 £000 | Year ended 31 July 2024 £000 |
|---|---|---|---|
| At the start of the period | **-** | 308 | 308 |
| Cash payment | **-** | - | (315) |
| Unwind of discounting | **-** | 6 | 7 |
| At the end of the period | **-** | 314 | - |

## Further information for shareholders

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

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