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

Audited results for the year ended 31 July 2023

Tracsis, a leading transport technology provider, is pleased to announce its audited final results for the year ended 31 July 2023.

Financial Results (£'m)	**2023**	2022	
Revenue	**82.0**	68.7	+19%
Adjusted EBITDA *	**16.0**	14.2	+13%
Adjusted EBITDA %*	***19.4%***	*20.6%*	*-120bps*
Cash **	**15.3**	17.2	
Adjusted diluted earnings per share *	**38.5p**	32.3p	+19%
Statutory Results			
Operating profit	**7.3**	3.3	+123%
Profit before tax	**7.1**	2.6	+179%
Basic earnings per share	**22.8p**	5.1p	+348%
Final dividend per share	**1.2p**	1.1p	+9%
Total dividend per share	**2.2p**	2.0p	+10%

Financial Highlights:

- Strong revenue growth across both Divisions
  - Rail Technology & Services: up 26% to £37.9m (2022: £29.9m)
  - Data, Analytics, Consultancy & Events: up 14% to £44.1m (2022: £38.8m)
  - Rail Technology & Services annual recurring and repeat revenue increased 9% to £23.1m (2022: £21.1m)
- 10% Group organic revenue growth
- Adjusted EBITDA* margin reflects c.£1m investment in enhancing capabilities and integrating the Group's activities
- £9.6m cash outflows for contingent and deferred acquisition considerations; all material earn-outs now paid
- Healthy cash generation and strong debt-free balance sheet to invest in further growth
- Continuation of progressive dividend policy. Proposed final dividend of 1.2p per share, with total dividend of 2.2p per share (2022: 2.0p)

Operational and Strategic Highlights:

- Continued growth in rail technology software licence usage and annual recurring revenue
  - Delivery of three large multi-year SaaS contracts
  - Record demand for Remote Condition Monitoring solutions
  - Won two new Pay As You Go ("PAYG") smart ticketing technology contracts
- Strong contribution from Rail Technology North America with fast-growing pipeline of opportunities
- High activity levels in Data, Analytics, Consultancy & Events, including benefit from new contract wins
- Further progress made to simplify our organisational structure based around common operating models

Current Trading and Outlook:

- The Board anticipates that FY24 performance will be in line with market expectations
  - Continued strong organic growth in Rail Technology & Services software revenue; Data, Analytics, Consultancy & Events financial performance at similar level to FY23
  - FY24 growth is likely to be weighted towards H2, reflecting delivery timelines and transition to SaaS for new contract wins in North America
  - New opportunities currently being contracted for PAYG smart ticketing and delay repay solutions
- Well positioned to deliver future growth
  - Digital transformation remains integral to rail industry's future, and we are seeing strong pipeline growth in all rail markets
  - Network Rail CP7 funding of £43.1bn confirmed with a focus on improving train performance for freight and passengers
  - The 2023 Kings Speech has confirmed the government's intent via a draft rail reform bill for Great British Railways to be established to serve as a single point of accountability for the performance of the railway alongside a commitment to roll-out PAYG ticketing across the UK
- Actions to complete the transformation of our operating model are underway, creating a scalable platform for accelerated growth

Chris Barnes, Chief Executive Officer, commented:

"This has been a year of significant financial and operational progress for Tracsis.

We have delivered strong organic and earnings-accretive acquisitive growth, have completed the implementation of several large, complex enterprise software contracts, and have made further progress in integrating the Group's activities and enhancing our capabilities.

The performance of our North American rail business has been particularly pleasing alongside the strong performance of all businesses within the Data, Analytics, Consultancy and Events Division.

Q1 trading has started in line with expectations, and the Group remains well positioned to deliver further growth in the coming year. We have a strong orderbook and a fast growing opportunity pipeline across both Divisions. We expect FY24 growth to be weighted towards H2 given the impact uncertainty in UK rail has had on delivery timescales and the impact an expected SaaS transition will have on the phasing of rail revenues in North America.

Digital transformation will continue to play a significant role in the rail industry's transition to a data-driven, customer-focused, safety-critical future. The breadth of Tracsis' product offering and leading digital end-to-end solutions has a clear alignment to the growing needs of the rail industry and increased demands from a customer experience perspective. We are well placed to help the industry to increase passenger revenues whilst also delivering operational performance improvements and efficiency savings.

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

** In addition to statutory reporting, Tracsis plc reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). These metrics adjust for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in note 6.*
*** Cash and cash equivalents, and cash held in escrow*

Presentation and Overview videos

Tracsis is hosting an online presentation open to all investors on Friday 17 November 2023 at 1.00pm UK time. Anyone wishing to connect should register here: https://bit.ly/TRCS_FY_webinar

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: https://bit.ly/TRCS_FY23_overview

Demonstration videos of the Group's Rail Technology UK products are available to view here: Rail Technology Product Demonstration for Investors | Tracsis

Enquiries

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Management Overview

The Group has performed well during the year ended 31 July 2023, delivering strong organic and acquisitive growth, completing the implementation of several software deployments from contracts won in previous years, and winning new multi-year software contracts that will support further growth in recurring revenues. Alongside a robust financial performance, we have made further progress towards a more integrated operating model.

Simplifying the Group around common operating models

The Group has been reorganised into a new structure outlined below, with the purpose of simplifying the business and aligning it around common operating models. Rail Technology & Services is focused on software and hardware products, with a strategic goal of driving increased recurring revenue. Data, Analytics, Consultancy & Events is focused on operational deployment and specialist consultancy services. Our Divisional segmentation remains unchanged and consistent with prior years.

<u>Rail Technology & Services</u>

- Rail Technology UK (comprising Rail Operations & Planning, Digital Railway & Infrastructure, and Rail Customer Experience)
- Rail Technology North America (previously RailComm)

<u>Data, Analytics, Consultancy & Events</u>

- Professional Services (comprising Data Analytics/GIS and Transport Insights)
- Traffic Data & Events (comprising Traffic Data and Events Transport Planning & Management)

Year in review

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

1. Successful delivery of large SaaS rail technology contracts with ongoing implementations that will support further organic growth

<u>Progress in UK rail</u>: We have completed delivery of three large and complex multi-year SaaS contracts for train operators and infrastructure owners with others due to go live during FY24. Two end-to-end deployments of TRACS Enterprise with Train Operating Companies ("TOCs") were completed, replacing disparate legacy systems. Work continues on three further deployments that are due to go live from FY24, including the first in the freight sector. Alongside this, the roll-out of the large RailHub contract with Network Rail completed with a pipeline of further opportunities.

<u>New contracts to support future growth</u>: In the UK, we won two contracts for our pay-as-you-go ("PAYG") smart ticketing solution, including the first contactless bank card deployment outside of Transport for London, set to go live in FY24. We also secured the first deployment of our mobile app platform "Hopsta" with a UK TOC, also expected to be completed in 2024.

<u>Further growth in recurring revenue</u>: As a result of the new contract wins and the deployment of contracts won in previous years, annual recurring and routinely repeating revenue in the Rail Technology & Services Division increased by 9% to £23.1m.

<u>Ongoing commercial momentum</u>: Post year-end, we have begun contracting further new opportunities for our PAYG smart ticketing and delay repay solutions.

Investing in 'next generation' technology: We are investing in technology where we see opportunities to accelerate further growth in our markets. In FY23 this included developing the Hopsta smart ticketing mobile app platform, resulting in £0.3m of capitalised development costs. We have a pipeline of innovative technology development opportunities under review, and will determine the most appropriate investment model to realise these, which may include further self-funded development where this can deliver an attractive return on investment.

2. Strong performance in North America, with a growing pipeline of opportunities

Poised for accelerated growth following first full year of ownership: Our North American operations have rebranded to Tracsis post year-end. The commercial team has been reorganised and the senior leadership, sales and development personnel have been strengthened with a view to accelerating growth.

Progress with large software deployment: Customer acceptance testing with a transit customer for a licence in the order book on acquisition has been completed, scheduled to be fully operational in early 2024.

Traditional core products performing well: We have a fast growing pipeline growth for our Yard Automation and Computer Aided Dispatch products.

Remote Condition Monitoring cross-selling traction: On acquisition we stated our intention to progressively market Tracsis' UK product portfolio into the US. Strong progress has been made in growing the pipeline of Remote Condition Monitoring opportunities and several user trials are currently live.

Unique market position: Tracsis operates in North America as a mid-market competitor with a differentiated range of products and services. Feedback from train operators and ports/industrials owners emphasises the need for new market entrants to challenge incumbent suppliers and introduce innovative digital solutions for immediate efficiency and operational benefits.

3. Digital transformation remains integral to the rail industry's future

Shaping the future: The delivery of a data-driven, customer-focused and safety-critical rail industry will remain a core priority in the UK and overseas. Tracsis' range of products and services are aligned with these end market drivers, enabling customers to enhance efficiency, productivity, performance and safety in mission-critical activities.

Near-term uncertainty in procurement and delivery timelines: The industrial action in the UK that has been ongoing since June 2022 has in some cases slowed decision-making as our customers focus on continually re-planning timetables and services. However, the benefits case of our rail technology products remain closely aligned with the focus of train operators and infrastructure owners on revenue growth, operating efficiencies, cost savings and safety improvements.

No expectation long-term growth prospects will be negatively impacted by well-publicised issues: The ongoing industrial action, cancellation of the northern part of HS2, delays to the implementation timing of Great British Railways ("GBR") and potential government changes in the UK and US are not anticipated to adversely affect future growth. While some near-term procurement timelines may be affected due to changes in how funding is allocated between entities (Network Rail, train operators, GBR, Rail Delivery Group), the overall focus on improving safety, efficiency and customer experience through technology will remain intact. We continue to see significant long-term tailwinds in both the UK and North American rail markets.

4. Record activity levels in Data, Analytics, Consultancy and Events

Record revenue in Traffic Data and Events: The strong performance can be attributed to Events remaining in high demand, with new contract wins for fixed venue work, and a return of Traffic Data activity to pre-pandemic levels. The large multi-year National Road Traffic Census ("NRTC") contract was renewed at an increased value, and post year-end we secured renewals with some of our largest Events customers.

Strong demand for data analytics/GIS, earth observation, and specialist transport consultancy services: Driven by a growing need in the transport and environmental sectors for precise asset location and performance insights to meet efficiency and ESG objectives. Demand levels for our specialist rail consultancy and passenger analytics services in the period were high.

Underlying growth in FY24 offsets non-repeat revenue: The record performance in FY23 included the benefit from certain revenue items that are not expected to repeat in FY24, including certain events and sporting fixtures that are not scheduled to re-occur in the year. We expect the Division overall to deliver a financial performance at a similar level to FY23, with underlying growth elsewhere offsetting this non-repeat revenue.

5. Good progress in integrating activities

Targeted investment to support the Group's long-term growth prospects: FY23 performance includes c.£1.0m investment in executing the following actions to integrate the Group and enhance our capabilities. These actions have better positioned the Group to deliver its long-term strategic growth ambitions.

Reorganising the business around common operating models: One of our key objectives is to simplify the business and embed a common approach based on industry best practice. During FY23 we have implemented a new organisational structure based around common operating models. This is an important step in our journey to create a fully integrated and scalable business.

Strengthening our core capabilities: To deliver the large orderbook of complex product implementations, we have invested in our SaaS delivery capabilities, including through the addition of an experienced programme management and IT support team. In both the UK and in North America we have invested to build out and upskill our commercial teams, better enabling us to access the large market opportunities in both geographies.

Streamlining of Traffic Data and Events Transport Planning & Management business: Both businesses have been fully integrated under a single senior leadership team. This will deliver operating efficiencies, margin optimisation, a consistent and focused approach to health and safety, and a reduction of carbon emissions from our vehicle fleet as we move towards our 2030 carbon neutral target.

Enhanced IT infrastructure: The implementation of a new groupwide IT operating environment is enhancing the efficiency and resilience of our operations while facilitating collaboration across the Group. Further changes will be delivered during FY24 to upgrade key IT systems.

Continued commitment to ESG: We have continued to deliver our "OneTracsis" leadership programme for managers and senior leaders across the Group. We have also hosted events focused on promoting accessibility to technology, including a panel discussion on careers in tech and a hackathon themed around using technology to develop a skilled, productive and inclusive workforce. Post year-end we completed the groupwide implementation of ISO14001 to support the delivery of our carbon neutral 2030 objective.

6. Transformation of the Group operating model

Transforming how we operate: Having completed the new organisational structure during FY23, in the first quarter of FY24 we have started a programme of actions to now transform the Group's operating model. The catalyst for these activities is the lessons learned from the three large SaaS deployments implemented since July 2022 and the need to establish a groupwide approach to how we develop and deliver enterprise software solutions based around industry best practice. The actions we are taking include: headcount reductions where roles are duplicated or are no longer required; streamlining our legacy entity and operating footprint; implementing a single groupwide IT support service; and upgrading systems to deliver improved management information. We expect these actions to be substantially completed during the FY24 financial year.

These changes will improve the timeliness, quality and repeatability of delivery, which will enable the Group to accelerate its future revenue and margin growth trajectory.

Anticipated transformation costs: We expect to incur c.£2m of non-repeat costs in FY24 in order to deliver this transformation, primarily in cash. These will be reported as exceptional costs so the underlying year on year trading performance of the Group can be more clearly understood. These costs will be weighted towards the first half of the year.

Progress on Delivering our Strategy

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

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

<table>
<tr><td colspan="2">Drive Organic Growth
Delivery of our pipeline, increasing annual recurring software revenue, continual innovation of products and services, high quality delivery and an excellent close working relationship with our customers</td></tr>
<tr><td>Progress in 2023</td><td>Future Focus</td></tr>
<tr><td>• 10% organic growth for the Group
• 9% increase in Rail Technology & Services annual recurring revenue
• Two full deployments of TRACS Enterprise completed since July 2022
• Won two new contracts for the deployment of our Pay-As-You-Go (PAYG) smart ticketing technology, with a further new opportunity secured post year-end alongside a new delay repay award.
• Roll-out of RailHub enterprise software contract completed, more than doubling the user base for this product to over 40,000 individual users
• Record revenue from Remote Condition Monitoring hardware and software, and in the Data, Analytics, Consultancy & Events Division
• Multi-year contract wins and renewals in Professional Services and in Traffic Data & Events</td><td>• Delivery of a large orderbook of rail technology contracts including further TRACS Enterprise and smart ticketing deployments
• Growing pipeline of rail technology opportunities in UK and North America
• Leverage our unique position in North America to accelerate growth in this market
• Continue to improve the quality, timeliness, and repeatability of future product delivery</td></tr>
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Expand Addressable Markets *Selling our products and services into new markets, including overseas, and expansion into selected sectors that share problems with the industries we currently serve*	
Progress in 2023	**Future Focus**
• Investment in developing mobile app smart ticketing platform • Significant revenue growth in North America following 2022 acquisition of RailComm • Large software licence deployment for a new Computer Aided Dispatch product in the North American transit market • Targeted investment in sales team expansion in North America and UK to accelerate pipeline growth • Continued to develop TRACS Enterprise application for rail freight market and added new station rostering product	• Continue to execute our organic growth strategy in North America, supported by a growing pipeline • Disciplined capital allocation for investment in software and technology products • Continued growth in Professional Services including in information-as-a-service provision • Utilise data analytics, GIS and Earth Observation capabilities to deliver additional insight to our customers across the transportation sector • Targeted growth opportunities overseas or in adjacent markets
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*	
Progress in 2023	**Future Focus**
• Strong performance from Rail Technology North America in first full year of ownership • Multi-year data analytics contract win in Professional Services, utilising the enhanced capabilities in earth observation following the prior year acquisition of Icon GEO • Further potential targets are constantly being evaluated	• Active pursuit of M&A to extend technology and data informatics footprint, supported by strong balance sheet • Continue to grow M&A pipeline, focused on UK, North America and targeted overseas markets • Maintain disciplined approach
Implementing 'OneTracsis' *Enhanced integration and collaboration across the Group, increasing management capability and bandwidth, and improving our systems and processes, as key foundations to deliver our growth strategy*	
Progress in 2023	**Future Focus**
• Group now organised around common operating models • Traffic Data & Events fully integrated under a common management team • Further strengthened our core capabilities with targeted recruitment for senior technology and commercial roles • Executing people strategy to attract, retain and develop talent • Groupwide ISO14001 (environmental management) implementation completed post year-end	• Complete transformation of the Group operating model • Continued alignment of groupwide systems and processes built around 'OneTracsis' • Accelerate R&D collaboration and new product development • Continue to execute people strategy, with a focus on high performing teams and succession planning

<u>Trading Progress and Prospects</u>

Rail Technology & Services

Summary segment results:

Revenue	£37.9m	(2022: £29.9m)
Adjusted EBITDA*	£10.4m	(2022: £9.8m)
Profit before Tax	£5.2m	(2022: £4.8m)

The Rail Technology & Services Division delivered growth in both the UK and in North America, supported by increased software licence usage and a full year of ownership of RailComm (now Rail Technology North America). New contract wins in the year and strong demand for Remote Condition Monitoring were supplemented by completing delivery milestones on several large SaaS deployments. These included the second full deployment of TRACS Enterprise with a passenger TOC, and completing the roll-out of the large RailHub enterprise software contract that was won in July 2021. We also delivered a large software licence deployment for a new variant of our Computer Aided Dispatch product in the North American transit market.

Total revenue of £37.9m was 26% higher than prior year. Organic growth of 8% was supplemented by a strong performance from the Rail Technology North America business. As a result of the new contract wins and the deployment of contracts won in previous years, annual recurring and routinely repeating revenue in the Rail Technology & Services Division increased by 9% to £23.1m.

Adjusted EBITDA* increased by £0.6m to £10.4m (2022: £9.8m) and includes c.£0.8m of investment associated with the integration of the Division's activities and enhancing our core capabilities. Profit before Tax increased by 7% to £5.2m (2022: £4.8m) and includes a full year of amortisation following the 2022 acquisition of RailComm.

Rail Technology UK

Total revenues from the Group's Rail Technology UK business increased by 9% to £29.0m (2022: £26.6m), driven primarily by Remote Condition Monitoring (RCM) and Customer Experience.

We saw high RCM volumes in the year, resulting in record revenue. Performance in this product area is linked to the investment cycle trend of its UK customer base which consists of 5 year 'Control Periods'. We have several large contracts with Network Rail and with railway systems integrators for the supply of RCM through the remainder of Control Period 6 which runs to 31 March 2024. Network Rail Control Period 7 funding of £43.1bn has been confirmed starting from 1 April 2024 with a specific focus on improving train performance for freight and passengers. This aligns very strongly with Tracsis' product offerings.

Growth in Customer Experience revenue included the benefit from smart ticketing and delay repay contract wins that went live in the previous financial year, as well as new contracts won in the period and an increased level of delay repay transaction volumes. Our smart ticketing product offering is well aligned with passenger requirements and with the UK government's strategic intent to deliver increased Pay As You Go (PAYG), multi-modal ticketing. In January 2023 we won a new contract for the deployment of this technology, with Transport for Wales ('TfW'). This will go live in 2024 and will be 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 provide an automated, frictionless experience for the customer. TfW intends to ultimately extend this offering to deliver a multi-modal PAYG solution including bus.

We have continued to invest in the deployment of a mobile app platform ('Hopsta') that puts this smart ticketing technology directly in the hands of the consumer and avoids the requirement for expensive gateline infrastructure in stations. We secured the first pilot deployment of this technology with a UK TOC during the year, which is currently awaiting approval from Great British Railways to be delivered as part of a wider set of PAYG trials. We continue to see high levels of interest in our smart ticketing product across ITSO smartcard, EMV and barcode solutions. Post year-end we have been selected to deliver two further multi-year contracts for our Customer Experience solutions – one for PAYG smart ticketing and one for delay repay. Both are in the process of being contracted with UK train operators and will go live in 2024.

Across the other parts of the Rail Technology UK product portfolio there was a significant focus during the year on delivering a large orderbook of multi-year SaaS contracts, which has been challenging. This included completing the second full deployment of TRACS Enterprise with a UK TOC. Work continues on three further deployments that are due to go live from FY24, including the first in the freight sector. We continue to see a good pipeline of new opportunities for this product in both the passenger and freight sectors of the industry. Delivery timelines in this sector are typically determined in partnership with our customers based around combined resource availability. Total revenue was lower than the prior year including lower levels of project milestone revenue aligned with these delivery timelines. We are investing in technical and programme management capabilities to support improved delivery in this area, and have started work to modularise the product architecture to facilitate faster product deployment. We have also developed and gone live with a new station rostering product which is a further extension of our TRACS Enterprise product suite. This is now available to all train operators.

During the year we also completed the roll-out of the large RailHub enterprise software contract that was won in July 2021. This has embedded RailHub as the core platform used to plan and safely deliver upgrade and maintenance work on or near the railway line in the UK, and has more than doubled the user base for this product to over 40,000 individuals across Network Rail and the supply chain. There is a strong pipeline of future opportunities for the RailHub platform including additional functionality that is being developed by Tracsis.

Rail Technology North America

Total revenue of £8.9m was £5.6m higher than prior year, which includes the benefit from a full year of ownership.

In the first half of the year we delivered a large software licence deployment milestone for a new Computer Aided Dispatch product (PTC BOS[1]). This is part of a large and ongoing project with a transit operator and will result in increased recurring revenues as the solution is rolled out across its operations, which is expected to be completed in 2024. This first deployment opens a large new product segment opportunity for Tracsis in North America where the industry is actively looking for new technology entrants.

We are seeing good growth in the pipeline of opportunities in this market, where Tracsis operates as a mid-market competitor with a unique range of products and services with limited direct competition. Growth in the near-term is expected to come from across our portfolio of Computer Aided Despatch (CAD), Yard Automation, and Remote Condition Monitoring (RCM) products.

In order to drive further growth we have restructured the commercial organisation of this business, including targeted investment in the sales team. Post year-end we have rebranded our North American operations to 'Tracsis', in alignment with the rest of the Group.

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

To date we have seen more procurement of perpetual licences in the North American market than in our Rail Technology UK business. We believe 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 this market. Following the large PTC BOS perpetual licence deployment in H1 of FY23 discussed above, we expect the weighting of growth in FY24 to be more towards the second half of the year.

Data, Analytics, Consultancy & Events

Summary segment results:

Revenue	£44.1m	(2022: £38.8m)
Adjusted EBITDA*	£5.6m	(2022: £4.4m)
Profit before Tax	£3.0m	(2022: £1.8m)

Activity levels across the Data, Analytics, Consultancy & Events Division were high, with several contract wins in the period and the completion of the post-Covid lockdown recovery in the Traffic Data market. New contract wins included a multi-year Earth Observation contract in Professional Services, the renewal of a large multi-year contract in Traffic Data at an increased value, and additional fixed venue contracts in Events Transport Planning & Management.

Revenue increased by 14% to £44.1m (2022: £38.8m) as a result of this increase in activity. This more than offset c.£1.4m in the prior year to support Covid testing and vaccination centres, that did not repeat in FY23. Adjusted EBITDA* increased by 27% to £5.6m (2022: £4.4m). Profit before Tax increased by 61% to £3.0m (2022: £1.8m).

During the year, the Traffic Data and Events Transport Planning & Management businesses have been fully integrated into a single operating unit under a common leadership team. This will support margin optimisation from operating efficiencies, and also enable a consistent and focused approach to health and safety and to reducing carbon emissions from our vehicle fleet as we move towards our 2030 carbon neutral target. Activities are underway to streamline the operating footprint of this business.

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

Professional Services

Total revenue across our Data Analytics/GIS and Transport Insights businesses increased by 17% to £15.4m (2022: £13.2m). This includes the benefit from a multi-year Earth Observation contract secured in Ireland which utilises the capabilities added to the Group through the Icon GEO acquisition in November 2021. This contract is to develop an Area Monitoring System (AMS) using satellite data imagery and is being delivered in partnership with two European geospatial companies. We also secured a range of new opportunities with Irish Government departments and utility companies. Alongside this, we saw continued strong demand for our specialist transport consultancy offering, including for timetabling and rail performance expertise. We also won a large travel survey that was delivered in the second half of the year.

Traffic Data & Events

The combined Traffic Data & Events business delivered a record level of revenue in the year, with total revenue increasing by 12% to £28.8m (2022: £25.6m). Activity levels in Events remained high, with particularly strong demand for sporting and music events in the final quarter of the financial year. The business has won several new multi-year contracts for fixed venue work, and post year-end has secured renewals with several of its largest customers. In the Traffic Data market, activity levels returned to pre-Covid lockdown levels. Some month-to-month variability in demand remains and activity levels in this market remain more sensitive to central and local authority funding. The large, multi-year National Road Traffic Census ('NRTC') contract was renewed in the year with an increased scope and increased value.

Financial Summary

Group revenue of £82.0m was £13.3m (19%) higher than the prior year (2022: £68.7m), reflecting strong organic and acquisitive growth. Revenue in the Rail Technology & Services Division increased by £8.0m (26%) including the benefit from new contract wins in the year and in the prior year, record demand for Remote Condition Monitoring, and a strong performance from Rail Technology North America. Revenue in the Data, Analytics, Consultancy & Events Division increased by £5.3m (14%) and includes a record level of activity in the newly integrated Traffic Data & Events business as well as increased activity levels across our Professional Services offerings.

Adjusted EBITDA* of £16.0m was £1.8m (13%) higher than prior year (2022: £14.2m), and includes c.£1.0m of investment to integrate our operating model and enhance our capabilities.

Statutory profit before tax of £7.1m is £4.6m higher than prior year (2022: £2.6m). In addition to the £1.8m increase in adjusted EBITDA* described above, the movement in profit before tax reflects the following items:

- £2.1m depreciation charge which is higher than the prior year reflecting a full year charge from FY22 acquisitions and investments in upgrading our IT infrastructure (2022: £1.8m);
- £5.6m amortisation of intangible assets (2022: £5.0m). The increase versus prior year reflects a full year charge relating to the FY22 acquisitions of RailComm and Icon GEO
- £1.2m share based payment charges (2022: £1.5m);
- £0.1m exceptional items (2022: £3.1m) representing £0.7m unwinding of previously discounted contingent consideration balances in accordance with IFRS accounting standards (2022: £0.8m), offset by a net £0.6m decrease in the assessed fair value of contingent consideration based on the future expectations of performance from previous acquisitions (2022: £1.8m net increase) which principally relates to certain contracts in Icon GEO that have been superseded by a new contract won by the Group in the year utilising the combined capabilities of our existing Data Analytics/GIS business with Icon GEO's earth observation technologies. The prior year also included the following items that were not repeated this year: £0.6m of transaction costs associated with acquisitions and a £0.1m impairment charge relating to an equity accounted investee, partly offset by a £0.2m credit relating to the fair value adjustment and subsequent gain on settlement of a financial liability
- £0.1m net finance expense (2022: £0.1m); and
- £nil charge relating to the share of the results of equity accounted investees (2022: £0.6m charge)

Adjusted earnings per share increased by 19% to 39.4 pence (2022: 33.2 pence). Statutory earnings per share increased to 22.8 pence (2022: 5.1 pence).

Cash Generation

The Group continues to have significant levels of cash and remains debt free. At 31 July 2023 the Group's cash balances were £15.3m (2022: £17.2m including cash held in escrow). Cash generation remains healthy.

Free cash flow+ increased to £8.0m (2022: £5.8m). In addition to the £1.8m increase in adjusted EBITDA* described above, this reflects the following items:

- A net £2.7m increase in working capital (2022: £4.0m increase) reflecting normal trading patterns and including an increase in trade receivables in the final trading months of the year following very high activity levels in Traffic Data & Events. The Group has not had any material bad debt instances;
- Net capital expenditure increased to £1.5m (2022: £1.0m) which principally reflects the increased activity levels in Traffic Data & Events, investment in IT assets as part of implementing a new groupwide IT operating environment, and the initial investment in electric vehicles as we start to decarbonise our vehicle fleet;
- Net lease liability payments of £1.5m were at a similar level to the prior year (2022: £1.4m);
- Capitalised development costs of £0.3m (2022: £nil) relate to the Hopsta smart ticketing mobile app platform for our PAYG smart ticketing technology;
- £nil cash outflows on exceptional items. In the prior year there was a £0.6m cash outflow on transaction costs for acquisitions completed in the year;
- Tax paid of £2.1m was £0.8m higher than the prior year (2022: £1.3m), reflecting the growth in earnings; and
- £0.1m 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 (2022: £0.1m outflow).

Free Cash Flow+

	Year ended 31 July 2023 £'m	Year ended 31 July 2022 £'m
Adjusted EBITDA *	**16.0**	14.2
Changes in working capital	**(2.7)**	(4.0)
Purchase of plant and equipment (net of proceeds from disposal)	**(1.5)**	(1.0)
Lease liability payments (net of lease receivable receipts)	**(1.5)**	(1.4)
Capitalised development costs	**(0.3)**	-
Cash outflows on exceptional items	**-**	(0.6)
Tax paid	**(2.1)**	(1.3)
Other(1)	**0.1**	-
Free Cash Flow+	**8.0**	5.8

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

There was a total cash outflow of £9.3m (2022: £4.1m) relating to contingent consideration on the previous acquisitions of Bellvedi and iBlocks (part of Rail Technology UK), RailComm (Rail Technology North America), and Compass Informatics and Icon GEO (part of Professional Services). This was in line with the Board's expectations and is aligned to strong performance from these historic acquisitions. All material contingent consideration balances have now been paid. In addition, there was a cash outflow of £0.3m (2022: £0.3m) relating to deferred consideration for the 2021 acquisition of Flash Forward Consulting. The final instalment of £0.3m deferred consideration for this acquisition will be paid in February 2024. In the prior year there was an additional cash outflow of £0.4m to repurchase “A” shares in Tracsis Rail Consultancy.

Dividends paid to shareholders were £0.6m (2022: £0.3m) and there was a £0.3m favourable impact from foreign exchange (2022: £0.2m favourable).

As a result, total cash balances decreased by £1.9m to £15.3m.

Dividend

The Group remains committed to the progressive dividend policy that was adopted in 2012. The Board has recommended a final divided of 1.2 pence per share. The final dividend, subject to shareholder approval at the forthcoming Annual General Meeting, will be paid on 9 February 2024 to shareholders on the register at the close of business on 26 January 2024. This will bring the total dividend for the year to 2.2 pence per share.

Board

Jill Easterbrook succeeded Chris Cole as Non-Executive Chair of the Board on 1 September 2023. Chris stepped down from the Board on the same date. This is part of the Board succession planning following the completion of Chris’s third three-year term. Tracy Sheedy joined the Board as a Non-Executive Director on 1 September 2023, and succeeded Jill Easterbrook as Chair of the Remuneration Committee from that date.

Outlook

Our end market drivers are strong and Tracsis’ products and services are well aligned with these drivers. We deliver positive benefit cases to our clients via digital transformation that enables them to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety. In the UK and North America we see significant long-term tailwinds as the industry looks to modernise and adopt digital solutions. We believe that we are well positioned to capitalise on these changes and have a growing pipeline of opportunities to help drive market share and expand our footprint in these markets. A change of government in the UK and/or the US is not expected to impact these growth drivers.

The Group has a clear growth strategy and has a strong balance sheet to support its delivery. We are making good progress in implementing this strategy, including winning new multi-year software contracts, and continuing to deliver on contracts won in previous years. We have recognised the need to accelerate the transformation of the Group’s operating model based on lessons learned from recent SaaS implementations and we will invest over the coming year in the actions required to provide a robust platform for ongoing scalable growth based on best practices.

We continue to actively pursue M&A opportunities, with a focus on extending our software and technology footprint and enhancing recurring revenue growth.

Q1 trading has started in line with expectations and the Group remains well positioned to deliver further growth in the coming financial year and beyond.

Jill Easterbrook	Chris Barnes
Non-Executive Chair	Chief Executive Officer
14 November 2023	

Consolidated Statement of Comprehensive Income for the year ended 31 July 2023

	Notes	2023 £000	2022 £000
Revenue	3	**82,023**	68,723
Cost of sales		**(32,072)**	(26,483)
Gross profit		**49,951**	42,240
Administrative costs		**(42,696)**	(38,985)
Adjusted EBITDA*	3,6	**15,952**	14,161
Depreciation		**(2,110)**	(1,767)
Amortisation of intangible assets		**(5,599)**	(5,000)
Other operating income		**350**	426
Share-based payment charges		**(1,248)**	(1,502)
Operating profit before exceptional items		**7,345**	6,318
Exceptional items:	9		
Impairment losses		**-**	(49)
Other		**(90)**	(3,014)
Operating profit		**7,255**	3,255
Net finance expense		**(119)**	(141)
Share of result of equity-accounted investees		**-**	(556)
Profit before tax	3	**7,136**	2,558
Taxation	10	**(329)**	(1,056)
Profit after tax		**6,807**	1,502
Other comprehensive (expense) / income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(205)**	423
Items not to be reclassified to profit and loss in subsequent period:			
Revaluation of financial assets		**-**	(50)
Total comprehensive income for the year		**6,602**	1,875
Earnings per Ordinary Share			
Basic	4	**22.81p**	5.09p
Diluted	4	**22.30p**	4.95p

* Earnings before net finance expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees – see note 6

Consolidated Balance Sheet as at 31 July 2023

	Notes	2023 £000	2022 Remeasured* £000
Non-current assets			
Property, plant and equipment		**4,789**	4,897
Intangible assets		**57,694**	63,548
Investments – equity		**-**	-
Deferred tax assets		**650**	410
		63,133	68,855
Current assets			
Inventories		**1,465**	1,090
Trade and other receivables		**20,371**	18,376
Current tax receivables		**628**	78
Cash held in escrow		**-**	2,217
Cash and cash equivalents		**15,307**	14,970
		37,771	36,731
Total assets		**100,904**	105,586
Non-current liabilities			
Lease liabilities		**953**	1,476
Contingent consideration payable	8	**139**	736
Deferred consideration payable	8	**-**	297
Deferred tax liabilities		**7,161**	8,352
		8,253	10,861
Current liabilities			
Lease liabilities		**1,137**	1,291
Trade and other payables		**23,435**	24,092
Contingent consideration payable	8	**-**	8,585
Deferred consideration payable	8	**308**	308
		24,880	34,276
Total liabilities		**33,133**	45,137
Net assets		**67,771**	60,449
Equity attributable to equity holders of the company			
Called up share capital		**120**	119
Share premium reserve		**6,535**	6,436
Merger reserve		**6,161**	6,161
Retained earnings		**54,875**	47,448
Translation reserve		**130**	335
Fair value reserve		**(50)**	(50)
Total equity		**67,771**	60,449

* As described in note 7, the comparative balance sheet at 31 July 2022 has been amended following the re-measurement of deferred tax liabilities on intangible assets recognised in the Group's March 2022 acquisition of RailComm with a corresponding adjustment to goodwill arising on the acquisition. This has had the effect of reducing intangible assets and deferred tax liabilities by £2,319,000 at 31 July 2022; there was no impact on net assets.

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Translation Reserve £000	Fair Value Reserve £000	Total £000
At 1 August 2021	117	6,401	5,525	44,710	(88)	-	56,665
Profit for the year	-	-	-	1,502	-	-	1,502
Other comprehensive income	-	-	-	-	423	(50)	373
Total comprehensive income	-	-	-	1,502	423	(50)	1,875
Transactions with owners:							
Dividends	-	-	-	(266)	-	-	(266)
Share-based payment charges	-	-	-	1,502	-	-	1,502
Exercise of share options	2	35	-	-	-	-	37
Shares issued as consideration for business combinations	-	-	636	-	-	-	636
At 31 July 2022	119	6,436	6,161	47,448	335	(50)	60,449

	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 income	**-**	**-**	**-**	**-**	**(205)**	**-**	**(205)**
Total comprehensive income	**-**	**-**	**-**	**6,807**	**(205)**	**-**	**6,602**
Transactions with owners:							
Dividends (note 5)	**-**	**-**	**-**	**(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**

Consolidated Cash Flow Statement for the year ended 31 July 2023

	Notes	**2023**	2022
		£000	£000
Operating activities			
Profit for the year		**6,807**	1,502
Net finance expense		**119**	141
Depreciation		**2,110**	1,767
Loss / (profit) on disposal of property, plant and equipment		**9**	(70)
Non-cash exceptional items	9	**90**	2,441
Payment of contingent consideration*	8	**(1,661)**	-
Other operating income		**(350)**	(426)
Amortisation of intangible assets		**5,599**	5,000
Share of result of equity-accounted investees		**-**	556
Income tax charge	10	**329**	1,056
Share-based payment charges		**1,248**	1,502
Operating cash inflow before changes in working capital		**14,300**	13,469
Movement in inventories		**(416)**	(233)
Movement in trade and other receivables		**(2,085)**	(4,103)
Movement in trade and other payables		**(213)**	383
Cash generated from operations		**11,586**	9,516
Interest received		**36**	6
Income tax paid		**(2,065)**	(1,334)
Net cash flow from operating activities		**9,557**	8,188
Investing activities			
Purchase of property, plant and equipment		**(1,524)**	(1,129)
Proceeds from disposal of property, plant and equipment		**10**	123
Capitalised development costs		**(300)**	-
Acquisition of subsidiaries (net of cash acquired)	7	**-**	(9,097)
Payment of contingent consideration*	8	**(7,591)**	(4,126)
Cash held in escrow for payment of contingent consideration	8	**2,233**	(2,217)
Payment of deferred consideration	8	**(315)**	(315)
Net cash flow used in investing activities		**(7,487)**	(16,761)
Financing activities			
Dividends paid	5	**(628)**	(266)
Proceeds from exercise of share options		**100**	37
Settlement of financial liability		**-**	(416)
Lease liability payments		**(1,491)**	(1,421)
Lease receivable receipts		**32**	32
Net cash flow used in financing activities		**(1,987)**	(2,034)
Net increase / (decrease) in cash and cash equivalents		**83**	(10,607)
Exchange adjustments		**254**	190
Cash and cash equivalents at the beginning of the year		**14,970**	25,387
Cash and cash equivalents at the end of the year		**15,307**	14,970

* The total payment of contingent consideration during the year was £9,252,000 (2022: £4,126,000). In accordance with IAS 7, Statement of Cash Flows this has been included within:
- cash flow used in investing activities to the extent that they relate to the fair value of assets acquired in the business combinations; and
- cash flow from operating activities to the extent that they relate to conditions and events after the acquisition date which have been recognised in profit and loss.

Notes to the Consolidated Financial Statements

1. Financial information

The financial information set out herein does not constitute the Group's statutory accounts for the year ended 31 July 2023 or the year ended 31 July 2022 within the meaning of sections 434 of the Companies Act 2006, but is derived from those accounts. The audited accounts for the year ended 31 July 2023 will be posted to all shareholders in due course and will be available on the Group's website. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the year ended 31 July 2022 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

The Accounts have been prepared under the historical cost convention, 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.

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.

There are no new standards, amendments to existing standards or interpretations that are not yet effective that are expected to have a material impact on the Group.

f) Going concern

The Group is debt free and has substantial cash resources. At 31 July 2023 the Group had net cash and cash equivalents totalling £15.3m. The Board has prepared cash flow forecasts for the period through to December 2024 based upon assumptions for trading and the requirements for cash resources, these forecasts take into account 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 cashflow assumptions required to eliminate any headroom under the reverse stress test are considered by the Board to be highly unlikely and in light of the trading performance in the period since the year-end.

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

3. Revenue and Segmental analysis

a) Revenue

Sales revenue is summarised below:

	2023	2022
	£000	£000
Rail Technology & Services	**37,862**	29,935
Data, Analytics, Consultancy & Events	**44,161**	38,788
Total revenue	**82,023**	68,723

Revenue can also be analysed as follows:

	2023	2022
	£000	£000
Rail Technology & Services - United Kingdom	**28,975**	26,603
Rail Technology & Services - North America	**8,887**	3,332
Rail Technology & Services	**37,862**	29,935
Traffic Data & Events	**28,793**	25,610
Professional Services	**15,368**	13,178
Data, Analytics, Consultancy & Events	**44,161**	38,788
Total revenue	**82,023**	68,723

Major customers

Transactions with the Group's largest customer represent 9% of the Group's total revenues (2022: 12%).

Geographic split of revenue

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

	2023	2022
	£000	£000
United Kingdom	**61,422**	55,849
Ireland	**10,802**	8,827
Rest of Europe	**378**	280
North America	**8,643**	3,343
Rest of the World	**778**	424
Total revenue	**82,023**	68,723

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 2022 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.

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

2022	Rail Technology & Services £000	Data, Analytics, Consultancy & Events £000	Unallocated £000	Total £000
Revenues				
Total revenue for reportable segments	29,935	38,788	-	68,723
Consolidated revenue	29,935	38,788	-	68,723
Profit or loss				
EBITDA for reportable segments	9,780	4,381	-	14,161
Amortisation of intangible assets	(3,731)	(1,269)	-	(5,000)
Depreciation	(748)	(1,019)	-	(1,767)
Exceptional items (net)	(444)	(176)	(2,443)	(3,063)
Other operating income	-	-	426	426
Share-based payment charges	-	-	(1,502)	(1,502)
Interest payable (net)	(46)	(68)	(27)	(141)
Share of result of equity-accounted investees	-	-	(556)	(556)
Consolidated profit before tax	4,811	1,849	(4,102)	2,558

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)**

2022*	Rail Technology & Services £000	Data, Analytics, Consultancy & Events £000	Unallocated £000	Total £000
Assets				
Total other assets for reportable segments	10,935	13,506	-	24,441
Intangible assets and investments	51,958	11,590	-	63,548
Deferred tax assets	-	-	410	410
Cash held in escrow	2,217	-	-	2,217
Cash and cash equivalents	8,918	6,052	-	14,970
Consolidated total assets	74,028	31,148	410	105,586
Liabilities				
Total other liabilities for reportable segments	(17,070)	(9,789)	-	(26,859)
Deferred tax liabilities	-	-	(8,352)	(8,352)
Contingent consideration	(8,320)	(1,001)	-	(9,321)
Deferred consideration	-	(605)	-	(605)
Consolidated total liabilities	(25,390)	(11,395)	(8,352)	(45,137)

* As described in note 7, the comparative balance sheet at 31 July 2022 has been amended following the re-measurement of deferred tax liabilities on intangible assets recognised in the Group's March 2022 acquisition of Railcomm with a corresponding adjustment to goodwill arising on the acquisition. This has had the effect of reducing Rail Technology & Services intangible assets and unallocated deferred tax liabilities by £2,319,000 at 31 July 2022; there was no impact on total net assets.

4. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 July 2023 was based on the profit attributable to ordinary shareholders of £6,807,000 (2022: £1,502,000) and a weighted average number of ordinary shares in issue of 29,836,000 (2022: 29,486,000), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares	**2023**	2022
Issued ordinary shares at 1 August	**29,662**	29,332
Effect of shares issued related to business combinations	**-**	51
Effect of shares issued for cash	**174**	103
Weighted average number of shares at 31 July	**29,836**	29,486

Diluted earnings per share

The calculation of basic earnings per share for the year ended 31 July 2023 was based on the profit attributable to ordinary shareholders of £6,807,000 (2022: £1,502,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 30,529,000 (2022: 30,330,000).

Adjusted EPS

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

	2023	2022
	£000	£000
Profit after tax	**6,807**	1,502
Amortisation of intangible assets	**5,599**	5,000
Share-based payment charges	**1,248**	1,502
Exceptional items (net)	**90**	3,063
Other operating income	**(350)**	(426)
Tax impact of the above adjusting items	**(1,638)**	(847)
Adjusted profit for EPS purposes	**11,756**	9,794

Weighted average number of ordinary shares

In thousands of shares	**2023**	2022
For the purposes of calculating basic earnings per share	**29,836**	29,486
Adjustment for the effects of all dilutive potential ordinary shares	**693**	844
For the purposes of calculating diluted earnings per share	**30,529**	30,330

Basic adjusted earnings per share	**39.40p**	33.22p
Diluted adjusted earnings per share	**38.51p**	32.29p

5. Dividends

The Board intends to pursue a sustainable and progressive dividend policy, having regard to the development of the Group. The cash cost of the dividend payments is below:

	2023	2022
	£000	£000
Interim dividend for 2021/22	**-**	266
Final dividend for 2021/22	**328**	-
Interim dividend for 2022/23	**300**	-
Total dividends paid	**628**	266

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

	2023	2022
	£000	£000
Interim dividend for 2021/22 of 0.9p per share paid	**-**	266
Final dividend for 2021/22 of 1.1p per share paid	**-**	328
Interim dividend for 2022/23 of 1.0p per share paid	**300**	-
Final dividend for 2022/23 of 1.2p per share proposed	**361**	-

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

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

6. 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, share-based payments, and share of result of equity accounted investees, are "non-cash" items and are separately analysed to assist with the understanding of underlying trading. Share-based payments are adjusted to reflect the underlying performance of the Group as the fair value on initial recognition is impacted by market volatility that does not correlate directly to trading performance. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes.

Adjusted EBITDA

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

	2023	2022
	£000	£000
Profit before tax	**7,136**	2,558
Finance expense – net	**119**	141
Share-based payment charges	**1,248**	1,502
Exceptional items – net	**90**	3,063
Other operating income	**(350)**	(426)
Amortisation of intangible assets	**5,599**	5,000
Depreciation	**2,110**	1,767
Share of result of equity-accounted investees	**-**	556
Adjusted EBITDA	**15,952**	14,161

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 4: 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:

	2023	2022
	£000	£000
Net cash flow from operating activities	**9,557**	8,188
Purchase of property, plant and equipment	**(1,524)**	(1,129)
Proceeds from disposal of property, plant and equipment	**10**	123
Capitalised development costs	**(300)**	-
Proceeds from exercise of share options	**100**	37
Add back: payment of contingent consideration presented within cash flow from operating activities	**1,661**	-
Lease liability payments	**(1,491)**	(1,421)
Lease receivable receipts	**32**	32
Free cash flow	**8,045**	5,830

7. Acquisitions

Acquisitions in the current year

There were no acquisitions during the year ended 31 July 2023.

Acquisitions in the previous year

a) The Icon Group Limited (“Icon GEO”)

On 3 November 2021 the Group acquired the entire issued share capital of The Icon Group Limited (“Icon GEO”). Icon GEO is an Ireland-based interdisciplinary geoscience company specialising in earth observation ("EO"), geographical information system ("GIS") and spatial data analytics.

Full details of the Icon GEO acquisition were given in note 5 to the Group's 2022 Financial Statements

b) Railcomm LLC & Railcomm Associates Inc

On 11 March 2022 the Group acquired the entire members' interests of Railcomm LLC and its wholly owned subsidiary Railcomm Associates Inc (together “RailComm”). RailComm is a US-based company providing mission critical automation and control solutions that reduce costs, increase safety, and improve operational efficiency for rail passenger/freight operators and rail served ports/industrials. Its two core products are rail yard automation and computer aided dispatching and it has a wide and diversified client base across the North American market.

Full details of the RailComm acquisition were given in note 5 to the Group's 2022 Financial Statements.

During the year management determined that an opportunity existed to obtain tax deductions on certain acquired intangible assets, including customer, technology, order-book and marketing-related intangibles and adopted a change in their expected tax filing basis accordingly. As this change took place within the 12- month measurement period prescribed by IFRS 3 Business Combinations the accounting impact of the change has been recorded retrospectively at the time of acquisition. As a consequence, goodwill and deferred tax liabilities arising on acquisition were each reduced by £2,159,000. Foreign exchange movements between the acquisition date and 31 July 2022 were £160,000.

The comparative balance sheet values of £2,319,000 at 31 July 2022 have been amended accordingly.

8. Contingent and deferred consideration

a) Contingent consideration

During the financial year, the final contingent consideration due on the 2019 acquisition of Compass Informatics Limited was paid totalling £377,000 (2022: £281,000). A £116,000 loss was recognised on the change in fair value of the liability up to the payment date.

The final contingent consideration due on the 2019 acquisition of Bellvedi Limited was also paid totalling £4,314,000 (2022: £3,586,000). A £32,000 loss was recognised on the change in fair value of the liability up to the payment date.

The final contingent consideration due on the 2020 acquisition of iBlocks Limited was also paid totalling £2,365,000 (2022: £nil). A £7,000 gain was recognised on the change in fair value of the liability up to the payment date.

The final contingent consideration due on the 2022 acquisition of Railcomm, LLC and Railcomm Associates Inc was also paid totalling $2,700,000 (£2,174,000; 2022: £nil). No gain or loss was recognised on the change in fair value of the liability up to the payment date. Cash held in escrow for the settlement of the contingent consideration was fully utilised for this purpose.

In 2022 the Group acquired The Icon Group Limited ("Icon GEO"). Under the share purchase agreement, contingent consideration is payable which is based on the profitability of Icon GEO 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). During the financial year, an instalment payment was made totalling £22,000. 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 €162,000 (£139,000 at 31 July 2023) generating a £700,000 gain on the change in fair value of the liability.

As detailed in note 9, a net exceptional credit of £559,000 was recognised, following the settlement of liabilities during the year and a review of the assumptions of the fair value of the outstanding contingent consideration as at 31 July 2023. At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows:

	2023	2022
	£000	£000
Compass Informatics Limited	**-**	243
Bellvedi Limited	**-**	3,940
iBlocks Limited	**-**	2,224
The Icon Group Limited	**139**	757
Railcomm, LLC	**-**	2,157
	139	9,321

The movement on contingent consideration can be summarised as follows:

	2023	2022
	£000	£000
At the start of the year	**9,321**	7,909
Arising on acquisition (note 7)	**-**	2,832
Cash payment	**(9,252)**	(4,126)
Fair value adjustment to statement of comprehensive income	**(559)**	1,792
Unwind of discounting	**649**	774
Exchange adjustment	**(20)**	140
At the end of the year	**139**	9,321

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

	2023	2022
	£000	£000
Payable in less than one year	**-**	8,585
Payable in more than one year	**139**	736
Total	**139**	9,321

b) Deferred consideration

The Group acquired Flash Forward Consulting Limited on 26 February 2021. As part of this acquisition cash consideration totalling £945,000 became payable in three equal instalments on the first, second and third anniversary of the acquisition date. At acquisition the present value of this deferred consideration was assessed as £878,000 discounted using a rate of 3.75%. At 31 July 2023 the present value of this deferred consideration is £308,000. The movement on deferred consideration can be summarised as follows:

	2023	2022
	£000	£000
At the start of the year	**605**	892
Cash payment	**(315)**	(315)
Unwind of discounting	**18**	28
At the end of the year	**308**	605

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

	2023	2022
	£000	£000
Payable in less than one year	**308**	308
Payable in more than one year	**-**	297
Total	**308**	605

9. Exceptional items

The Group incurred a number of exceptional items in 2023 and 2022 which are analysed as follows:

	2023	2022
	£000	£000
Impairment losses		
Non-cash:		
Investment in associate	**-**	49
Total impairment losses	**-**	49
Other		
Non-cash:		
Contingent consideration fair value adjustment	**(559)**	1,792
Unwind of discounting of contingent consideration	**649**	774
Fair value adjustment – financial liability	**-**	(127)
Gain on settlement of financial liability	**-**	(47)
Cash:		
Legal and professional fees in respect of acquisitions and other corporate activities	**-**	622
Total other	**90**	3,014
Total exceptional items	**90**	3,063

	2023	2022
Split:	**£000**	£000
Non-cash	**90**	2,441
Cash	**-**	622
Total	**90**	3,063

2023

An exceptional £559,000 credit has been recognised in the income statement representing the net decrease in the fair value of contingent consideration payable at the end of the financial year. This principally relates to certain contracts in Icon GEO that have been superseded by a new contract won by the Group in the 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 has been recognised which reflects the unwinding of the discounting of contingent consideration. The discount rates applied vary by acquisition and are in the range of 3.25% to 14.5%. A breakdown of the remaining fair value of contingent consideration by acquisition is included in note 8. 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.

2022

In the previous financial year, an exceptional cost was recognised to increase the fair value of the contingent consideration payable at the end of that year. A £1,792,000 charge to the income statement was recorded which reflected the increased pipeline for software contract opportunities, and the impact of software contracts which were secured in that year. A further charge totalling £774,000 was recognised which reflected the unwinding of the discount on 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 due to their size and volatility which can vary significantly from year to year.

On 17 June 2022 the Group acquired the minority shareholding of 10,225 TRC A shares which were issued as part of the consideration on the acquisition of Flash Forward Consulting in February 2021. The fair value was determined on acquisition as £590,000 and was recognised as a financial liability in the statement of financial position held at fair value through profit and loss. The fair value of these shares was assessed as £463,000 immediately prior to the repurchase and a resulting fair value adjustment of £127,000 was recognised in the previous financial year. Consideration for the shares paid was £416,000 and a resulting one-off gain of £47,000 was recognised in the previous financial year.

During 2022 the Group made two acquisitions. In November 2021 the Group acquired The Icon Group Limited. Legal and professional fees related to this acquisition totalled £167,000. In March 2022 the Group acquired Railcomm LLC incurring acquisition-related fees of £392,000. As part of the acquisition the Group incurred £40,000 of legal and professional costs associated with the transfer of a UK employee to oversee the integration of the acquisition. Legal and professional fees were also incurred in relation to one-off transactions (including the re-purchase of TRC A shares) and as they will not recur in future years, were deemed to be exceptional in nature.

An impairment loss of £49,000 was recognised in the previous financial year in relation to the investment in an associate in Nutshell Software Limited. Following an assessment of the anticipated future cash flows anticipated from the investment a judgement was taken to write down the remaining carrying value to £nil.

10. Taxation

The effective tax rate can be reconciled as follows:

	2023	**2023**	2022	2022
	£000	**%**	£000	%
Profit before tax for the period	**7,136**		2,558	
Expected tax charge based on the standard rate of corporation tax in the UK of 21.0% (2022: 19.0%)	**1,499**	**21.0**	486	19.0
Expenses not deductible for tax purposes	**59**	**0.8**	623	24.4
Rate changes	**(168)**	**(2.4)**	-	-
Adjustments in respect of previous years	**(427)**	**(6.0)**	(71)	(2.8)
Overseas tax not at UK tax rate	**(235)**	**(3.3)**	(104)	(4.1)
Trading losses carried forward	**-**	**-**	73	2.9
Share-based payments differences	**(399)**	**(5.5)**	49	1.9
Total tax charge	**329**	**4.6**	1,056	41.3

11. Subsequent Events

On 1 September 2023 Jill Easterbrook was appointed Non-Executive Chair of the Board; at the same date Chris Cole resigned from the Board and Tracy Sheedy was appointed to the Board as a Non-Executive Director and succeeded Jill as Chair of the Remuneration Committee. Tracy also joined the Audit and Nomination Committees at that date.

12. Annual Report and Annual General Meeting

The Company anticipates dispatching a copy of its annual report and accounts to all shareholders in December 2023. A copy will also be available on the Company's website: www.tracsis.com. The Annual General Meeting of the Company will be held at Nexus, Discovery Way, Leeds, LS2 3AA on 24 January 2024 at 2pm.