

8 April 2021

**Tracsis plc**  
(‘Tracsis’, ‘the Company’ or ‘the Group’)

**Unaudited Interim results for the six months ended 31 January 2021**

Tracsis, a leading provider of software, hardware, data analytics/GIS and services for the rail, traffic data and wider transport industries, is pleased to announce its unaudited interim results for the six months ended 31 January 2021.

**Financial Highlights:**

- Revenue decreased to £22.2m (H1 2020: £26.4m), with growth in the Rail Technology & Services Division offset by lower sales in our Events and Traffic Data businesses as expected due to ongoing Covid-19 restrictions on their end markets
- £6.1m decrease in revenue in those businesses directly impacted by Covid-19. Revenue growth of 5% across the rest of the Group before the contribution from prior period acquisitions<sup>+</sup>
- Adjusted EBITDA\* of £5.4m (H1 2020: £5.6m) only slightly lower than the same period last year, including the positive impact of cost reduction actions taken in response to the pandemic
- Cash balances of £20.8m with no Covid deferrals due to be paid (31 July 2020: £17.9m, 31 January 2020: £26.0m)
- No interim dividend declared. The Board continues to review the situation and is committed to restoring the dividend policy at the earliest appropriate date

**Operational Highlights:**

- Further growth in higher margin Rail Technology & Services Division, as well as in Data Analytics / GIS
- Continuing to implement a number of large multi-year rail contracts won in previous years
- Two large multi-year rail opportunities in the final stages of contract award
- Traffic Data and Events business units continue to win new projects but at significantly reduced levels
- Cost reduction actions tracking in line with expectations
- Group integration activities progressing well

**Post period end Highlights:**

- Appointment of Andy Kelly as Chief Financial Officer
- Remote condition monitoring hardware and software contract win with major transit agency in North America
- Launch of new Group-wide branding to improve collaboration and enhance market awareness
- Strengthened the Group’s transport consultancy offering through the acquisition of Flash Forward Consulting Ltd
- Encouraging start to Q3 trading with high activity levels across large parts of the Group

<sup>+</sup> Group revenue growth excluding the Events, Traffic Data and Delay Repay businesses where activity levels were impacted by Covid-19; and excluding iBlocks that was acquired in March 2020.

\* Earnings before finance income & expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees. See note 10 for reconciliation.

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

*"I am pleased with the first half performance which was in line with our expectations and I'm encouraged by the trading momentum in the business as we move through the third quarter. The entire Tracsis team has done an outstanding job over the past 12 months in protecting jobs and employee wellbeing, in identifying and winning new business and in robustly responding to the challenges linked to Covid-19.*

*We have a significant pipeline of large multi-year opportunities across our Rail Technology and Services Division in both UK and international markets, and in our Data Analytics/GIS business unit. In addition, we are now starting to see an increase in new business enquiries across those businesses that have been hardest hit by the Covid pandemic and this is driving increased confidence around future growth prospects.*

*We continue to focus on integration and consolidation activities which alongside the launch of a new Group-wide Tracsis brand will increase the opportunities for R&D collaboration and cross selling. We remain committed to pursuing organic and acquisitive growth supported by a strong balance sheet."*

**Presentation and Overview video**

Tracsis is hosting an online presentation open to all investors on Tuesday 13 April 2021 at 1.30pm UK time. Anyone wishing to connect should register here: [http://bit.ly/TRCS\\_FY21\\_interim\\_results\\_retail](http://bit.ly/TRCS_FY21_interim_results_retail)

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: [http://bit.ly/TRCS\\_H1\\_overview](http://bit.ly/TRCS_H1_overview)

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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.

## Chairman & Chief Executive Officer's Report

The Group has reported first half performance in line with management's expectations. There was further growth in the Rail Technology & Services Division, where activity levels remain high. As anticipated, there were Covid-19 related headwinds in the Events and Traffic Data business units. Cost reduction actions taken last summer in response to these headwinds are tracking in line with expectations.

### Results Summary

H1 revenue of £22.2m was £4.2m lower than the prior year (H1 2020: £26.4m). Revenues in the Rail Technology & Services Division grew, with the impact of Covid-19 limited only to the effect of lower passenger numbers on delay repay transaction revenues. This growth was offset, however, by lower revenue in our Events and Traffic Data businesses as a result of Covid-19 restrictions on their end markets. The estimated total adverse impact to revenue from Covid-19 for the Group was £6.1m across the Events, Traffic Data and Delay Repay businesses. There was revenue growth of 5% versus H1 20 across the rest of the Group, before the £1.3m revenue contribution from iBlocks that was acquired in March 2020.

Despite the reduction in revenue, adjusted EBITDA\* of £5.4m was only £0.2m lower than the prior year (H1 20: £5.6m). This reflects the positive impact of cost reduction actions taken in response to the pandemic, which delivered a benefit to EBITDA versus the comparative period last year of £1.3m. In addition the Group has claimed through the Coronavirus Job Retention Scheme in respect of furloughed staff in the period, with support to the Income Statement of £0.5m.

Statutory profit before tax of £1.1m is £1.3m lower than the prior year (H1 20: £2.4m). In addition to the £0.2m decrease in adjusted EBITDA\*, this includes £0.5m higher amortisation of acquired intangible assets following the acquisition of iBlocks in March 2020; £0.4m relating to the unwinding of previously discounted contingent consideration balances in accordance with IFRS accounting standards; and £0.3m exceptional charge relating to deal costs and the fair value of contingent consideration.

A summary of the Group's results is set out below:

	<b>Unaudited</b>	Unaudited	Audited
	<b>Six months</b>	Six months	Year
	<b>ended</b>	ended	ended
	<b>31 January</b>	31 January	31 July
	<b>2021</b>	2020	2020
	<b>£'000</b>	£'000	£'000
<b>Revenue</b>	<b>22,239</b>	26,365	47,998
<b>Adjusted EBITDA</b> (note 10)	<b>5,431</b>	5,586	10,463
<b>Adjusted Pre-Tax Profit</b> (note 10)	<b>4,655</b>	4,805	8,581
<b>Profit before tax</b>	<b>1,102</b>	2,419	4,111

*\*Earnings before finance income & expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees. See note 10 for reconciliation.*

## **Revised Segmental Structure**

As reported in the Group's final results for the year ended 31 July 2020, the Group has been reorganised into a new segmental structure in order to better align with key areas of future transport industry growth. Segmental performance in both the current and prior periods reflects the new segmental structure, as summarised below:

### **Rail Technology & Services**

- Rail Operations & Planning (includes Bellvedi)
- Digital Railway / Infrastructure
  - Remote condition monitoring hardware and data acquisition (MPEC)
  - Safety and risk management software and asset visualisation (OnTrac)
- Customer Experience
  - Transit and ticketing solutions (iBlocks)
  - Automated delay repay

### **Data, Analytics, Consultancy & Events**

- Traffic Data Capture & Analysis
- Event Transport Planning and Management (includes SEP and CTM)
- Data Analytics / GIS (Compass Informatics)
- Transport Consultancy (includes Tracsis Passenger Analysis)

Data Analytics / GIS and Transport Consultancy operate across the whole of the Group, but are reported within the Data, Analytics, Consultancy & Events segment. The Group's previous segmental structure included Rail Consultancy within the Rail Technology & Services segment.

## **Trading Progress and Prospects**

### **Rail Technology & Services**

Activity levels in this segment remain high. The Covid-19 pandemic has resulted in a significant decrease in rail passenger numbers, however this has had only a modest impact on Tracsis' performance as the majority of our products and services are derived from the operational requirements of running and maintaining the railway. They are integral to the rail industry delivering its future vision for a digital railway. Our first half performance demonstrates the robustness of our business model in this regard and we have a significant pipeline of future opportunities.

Summary segment results:

Revenue	£12.1m	(H1 2020: £10.9m)
Adjusted EBITDA*	£3.8m	(H1 2020: £3.9m)
Profit before Tax	£3.4m	(H1 2020: £3.8m)

The Division has delivered further revenue growth in the period. It continues to benefit from high levels of recurring software revenue, and revenue from multi-year contract wins in previous years. The impact of Covid-19 was limited to delay repay revenues, with fewer people travelling due to Government restrictions. This was more than offset by the contribution from iBlocks, the smart ticketing business acquired in March 2020. Adjusted EBITDA\* margin of 31% was lower than the comparative period last year, reflecting the phasing of contract

milestones for development work undertaken in the period. These milestones will be delivered in the second half of this financial year.

We have two large rail opportunities in the final stages of contract awards, and all parts of the Division have been involved in major multi-year tenders, some in international markets. Many of these opportunities involve recurring software licence revenues.

#### *Rail Operations & Planning*

Total revenues from the Group's rail operations & planning software and hosting offerings were £4.9m (H1 2020: £4.8m). This takes account of the various revenue streams from our TRACS, ATTUne, COMPASS, and Retail & Operations product suites. Software sales continue to benefit from high renewal rates from existing customers, and also from multi-year contract wins from previous years which we are currently implementing for our clients. Work continues on implementing our TRACS Enterprise product at three major Train Operating Companies which were secured in previous years, and which are expected to go-live during the summer. Bellvedi continues to perform well, and the ATTUne product forms an integral part of the overall TRACS Enterprise solution. We continue to see large multi-year TRACS Enterprise opportunities in both the passenger and freight sectors of the industry.

#### *Digital Railway & Infrastructure*

Total revenues across the Digital Railway and Infrastructure offerings increased by 9% to £5.8m (H1 2020: £5.3m). This includes the revenue from remote condition monitoring (MPEC) which continued to see strong demand from our core UK client base, and from our safety and risk management product suites within OnTrac where activity was dominated by design and development work on our RailHub product suite as part of a funded enterprise licence opportunity. Both businesses have a strong pipeline of large contract opportunities.

Post period end we announced the award of new contracts for the supply of remote condition monitoring hardware and software to a major North American transit agency, which will expand our installed base into a new growth market.

#### *Rail Customer Experience*

Revenue of £1.4m increased by £0.6m (H1 2020: £0.8m). As anticipated, the reduction in rail passenger numbers as a result of Covid-19 restrictions resulted in a reduction in delay repay transaction revenues. This business continues to operate from a modest cost base. The decrease in revenue from delay repay was more than offset by the revenue contribution from iBlocks which was acquired in March 2020. We are seeing good levels of interest in iBlocks' smart ticketing product offering, which is well aligned with future passenger requirements as Covid-19 restrictions are lifted. We have a number of contract opportunities under discussion.

#### **Data, Analytics, Consultancy & Events**

As anticipated, the Covid-19 restrictions continue to have a significant impact on the end markets of our Events and Traffic Data businesses. In both cases, we believe the underlying demand remains strong and that activity levels will progressively return to normal as restrictions are lifted. The timing of this remains uncertain, and we therefore retain a cautious outlook for the second half of this financial year.

The Data Analytics / GIS market continues to offer attractive opportunities for growth and has been largely unaffected by Covid-19. We have a strong pipeline of opportunities and are actively looking to expand our capability and client base to accelerate growth in this area.

Our consultancy business continues to perform well and has been strengthened by the post period end acquisition of Flash Forward Consulting and the subsequent launch of a broader Transport Consultancy offering.

Summary segment results:

Revenue	£10.2m	(H1 2020: £15.5m)
Adjusted EBITDA*	£1.6m	(H1 2020: £1.6m)
Profit before Tax	£1.2m	(H1 2020: £1.1m)

The Data, Analytics, Consultancy & Events Division has performed in line with management's expectations, despite ongoing Covid-19 related challenges. As anticipated, there was lower activity in the Events and Traffic Data businesses as a result of the impact of restrictions on their end markets. Cost reduction measures have been implemented in this part of the Group to ensure that we proactively manage the cost base through this period. There was good growth in our data analytics / GIS revenue where activity levels have been unaffected by the pandemic. Despite lower revenue, adjusted EBITDA\* was maintained in line with H1 20 as a result of the cost reduction actions.

#### *Traffic Data*

H1 21 revenue of £3.2m was £2.1m lower than the prior year (H1 20: £5.3m). This was due to the impact of Covid-19 related restrictions, which resulted in work being postponed or cancelled as the prevailing traffic conditions were not representative of client needs. The main exception was the National Road Traffic Census which has continued and was a valuable source of revenue in the period. Work on the Spring and Summer 2021 elements of this has now started.

#### *Event Transport Planning & Management*

Revenues were significantly impacted by Covid-19, with a number of events cancelled or postponed due to the pandemic. As a result, revenue of £2.2m in the first half was £3.3m lower than the same period last year (H1 20: £5.5m). Despite these headwinds, there remains a level of underlying activity that has supported the business through this challenging period. Additionally the business has won new work with new and existing customers, which will help to support H2 and future revenues. However, overall activity levels remain significantly lower than normal while Covid restrictions are in place.

#### *Data Analytics / GIS*

Compass Informatics has continued to perform well in the period, delivering £3.0m revenue in the first half (H1 2020: £2.6m) with high activity levels across Irish and UK customers. In the period Compass Informatics went 'live' with an innovative new product that is now used by three water utilities to manage the regulated use of biosolids in agriculture, and continued to develop a range of innovative mobile apps and data analytics tools for other clients across the rail, bus, environmental and utilities sectors. The business has a strong pipeline of new opportunities.

#### *Transport Consultancy*

Consultancy revenues of £1.8m compare with £2.1m in the same period last year. Rail Consultancy revenue increased by 12%, however this was offset by lower activity in Passenger Analytics. Post period-end, the Group's consulting offering across the transport industries was expanded through the acquisition of Flash Forward Consulting. The combined business was launched as Tracsis Transport Consultancy on 1<sup>st</sup> March 2021, and will offer consultancy services that cover all areas of the Group.

## **Strategy Update**

The Group's growth strategy is unchanged, and is focused on organic growth supplemented by M&A.

### **Organic Growth**

There are opportunities for continued growth in all areas of the Rail Technology & Services Division, supported by strong market fundamentals. All of our rail businesses are involved in major multi-year tenders, which give us confidence in our ability to continue to drive organic growth. Our strategy is to pursue growth opportunities in each of the four areas outlined below, supported by collaborative product development and increased levels of cross-selling:

- Operational Performance Software
- Remote Condition Monitoring
- Safety and Risk Management Software and Asset Visualisation
- Smart Ticketing

In the Data, Analytics, Consultancy & Events Division we are focused on growing our Data Analytics / GIS and Consultancy businesses through targeted investment, and on maximising the 'bounce back' in our Events and Traffic Data business units as the Covid recovery continues.

### **Acquisitions**

Our strategy is to continue to supplement organic growth with M&A, with a focus on software, technology and Data Analytics/GIS businesses that have a good level of high quality, recurring revenue. Our M&A strategy is supported by a strong balance sheet and good levels of cash generation, and we continue to actively pursue acquisition opportunities.

On 26 February 2021 we completed the acquisition of Flash Forward Consulting Ltd, a UK based transport consultancy business operating predominantly across the rail and bus sectors. It has a well-established senior level network across the transport owning groups, local and central transport governing authorities and Network Rail, and offers a range of strategic and practical technical consulting services. The acquisition expands the Group's consulting offering to customers across the transport industries.

### **Operations**

Alongside executing this growth strategy, the Group continues to make progress in implementing a more closely integrated operating model. A shared services model has been adopted in core support functions including health & safety, HR, risk management and quality. This will be extended to the finance function in the second half of this financial year. The Innovation Hub launched last year is facilitating enhanced R&D collaboration across the Group and post period end a new Group-wide brand was launched that ensures all parts of the Group will share a consistent brand identity which will broaden the awareness of the Group's breadth of products and services across the transport industry.

## **Covid-19**

The impact of the Covid pandemic has been felt most in our Data, Analytics, Consultancy and Events Division, where activity levels in the Events and Traffic Data end markets have decreased as a result of the ongoing restrictions. We expect these activity levels to progressively return to normal as restrictions are lifted. The impact of the pandemic on the Rail Technology & Services Division has been modest as the majority of our products and services are derived from the operational requirements of running the railway, rather than being directly linked to revenue from passenger numbers. The estimated total adverse impact to revenue from Covid-19 for the Group as a whole in H1 21 was £6.1m. We have implemented cost reduction actions in response to the pandemic, and have utilised the UK furlough scheme to minimise permanent headcount reductions.

Our priority throughout the pandemic has been to safeguard the health, welfare and safety of our people and to protect as many jobs as possible. The response of our teams has been outstanding. We have largely moved to remote homeworking across the Group, whilst ensuring that our product and service offerings have been able to continue. Health and wellbeing support was implemented and is ongoing and we conduct regular employee surveys to ensure that we can quickly respond to any areas of concern. We have followed Government guidelines to implement health & safety and social distancing measures, to ensure that all of our sites are Covid-secure.

## **Dividend**

The Board does not consider it appropriate to pay an interim dividend for the six months ended January 2021. The Board is committed to restoring the progressive dividend policy at the earliest appropriate date.

## **Board**

Further to the announcement on 28 September 2020, Andy Kelly was appointed Chief Financial Officer post-period end on 1 February 2021, replacing Max Cawthra. The Board would like to thank Max for his significant contribution to Tracsis over the past decade.

## **Financial position**

The Group continues to have significant levels of cash and remains debt free. Cash balances at 31 January 2021 were £20.8m (31 July 2020: £17.9m, 31 January 2020: £26.0m). Cash generation remains strong; net cash flow from operating activities of £3.6m was £0.9m higher than H1 20 reflecting favourable movements in working capital that reflect normal trading patterns. The Group has paid all VAT, PAYE and Corporation Tax due in the period and has not taken advantage of any Government support in respect of taxes. It has claimed grant money in respect of furloughed staff in the period, with support to the Income Statement of £0.5m.



A summary of cash flows is set out below:

	<b>Unaudited</b>	Unaudited	Audited
	<b>Six months</b>	Six months	Year
	<b>ended</b>	ended	ended
	<b>31 January</b>	31 January	31 July
	<b>2021</b>	2020	2020
	<b>£'000</b>	£'000	£'000
Net cash flow from operating activities	<b>3,587</b>	2,670	10,553
Net cash flow used in investing activities	<b>(63)</b>	(279)	(15,401)
Net cash flow used in financing activities	<b>(660)</b>	(450)	(1,336)
<b>Movement during the period</b>	<b>2,864</b>	1,941	(6,184)

### **Summary and Outlook**

The Board was pleased with the first half performance, with continued growth in Rail Technology & Services, and Group adjusted EBITDA\* maintained close to H1 last year despite revenue headwinds in the Data, Analytics, Consultancy & Events Division.

We begin the second half of the year with confidence in the strength of our financial position and with high activity levels across large parts of the Group. There has been an encouraging start to Q3 trading. The Board's expectations for the year to 31 July 2021 remain unchanged.

Activity levels are high in our Rail Technology and Data Analytics / GIS businesses with high levels of recurring revenues. We are making good progress in delivering multi-year contracts that were won in prior years, and are in the latter stages of contract award for two large multi-year rail opportunities. We are involved in large multi-year tenders in our rail businesses, and post period end we have won new contracts for the supply of remote condition monitoring hardware and software to a major North American transit agency.

We believe activity levels in the Events and Traffic Data businesses will progressively return to normal as Covid-19 restrictions are lifted. The timing of this remains uncertain, and we therefore retain a cautious outlook for the second half of this financial year for these businesses. We will continue to proactively manage costs whilst the Covid-19 pandemic impacts the Group.

Our strategy has not changed and we remain committed to our growth and investment plans. The positive growth drivers in our core markets are unchanged, and we believe that there are good opportunities for Tracsis to deliver sustainable revenue growth while continuing to drive strong cash performance and continuing to pursue M&A opportunities.

Chris Cole  
Non-Executive Chairman  
8 April 2021

Chris Barnes  
Chief Executive Officer

**Tracsis plc**  
**Condensed consolidated interim income statement for the six months ended 31 January**  
**2021**

	Note	Unaudited 6 months ended 31 January 2021	Unaudited 6 months ended 31 January 2020	Audited Year ended 31 July 2020
		£'000	£'000	£'000
<b>Revenue</b>	3	<b>22,239</b>	26,365	47,998
<b>Cost of sales</b>		<b>(6,007)</b>	(10,463)	(16,796)
<b>Gross profit</b>		<b>16,232</b>	15,902	31,202
Administrative costs		<b>(14,624)</b>	(13,291)	(26,779)
<b>Adjusted EBITDA *</b>	3, 10	<b>5,431</b>	5,586	10,463
Depreciation		<b>(776)</b>	(781)	(1,882)
<b>Adjusted profit **</b>	10	<b>4,655</b>	4,805	8,581
Amortisation of intangible assets		<b>(2,126)</b>	(1,628)	(3,599)
Other operating income		-	-	376
Share-based payment charges		<b>(665)</b>	(566)	(1,050)
<b>Operating profit before exceptional items</b>		<b>1,864</b>	2,611	4,308
Exceptional items:				
Impairment losses	4	-	-	(1,155)
Other	4	<b>(256)</b>	-	1,270
<b>Operating profit</b>		<b>1,608</b>	2,611	4,423
Finance income		<b>6</b>	42	76
Finance expense	5	<b>(408)</b>	(30)	(79)
Share of result of equity accounted investees		<b>(104)</b>	(204)	(309)
<b>Profit before tax</b>		<b>1,102</b>	2,419	4,111
Taxation		<b>(325)</b>	(472)	(1,234)
<b>Profit for the period</b>		<b>777</b>	1,947	2,877
Other comprehensive income				
Foreign currency translation differences		<b>(49)</b>	(71)	21
<b>Total recognised income for the period</b>		<b>728</b>	1,876	2,898
<b>Earnings per ordinary share</b>				
Basic	6	<b>2.66p</b>	6.76p	9.95p
Diluted	6	<b>2.58p</b>	6.56p	9.67p

\* Earnings before finance income and expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees – see note 10

\*\* Earnings before finance income and expense, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees. – see note 10

**Tracsis plc**  
**Condensed consolidated interim balance sheet as at 31 January 2021**

	Note	Unaudited At 31 January 2021 £'000	Unaudited At 31 January 2020 £'000	Audited At 31 July 2020 £'000
<b>Non-current assets</b>				
Property, plant and equipment		3,312	3,564	3,581
Intangible assets		52,251	37,184	54,376
Investments – equity		50	350	50
Loans due from associated undertakings		-	250	-
Investments in equity accounted investees		935	894	1,039
Deferred tax assets		1,035	744	877
		<b>57,583</b>	42,986	59,923
<b>Current assets</b>				
Inventories		386	384	430
Trade and other receivables		7,335	8,452	6,382
Cash and cash equivalents		20,784	26,045	17,920
		<b>28,505</b>	34,881	24,732
		<b>86,088</b>	77,867	84,655
<b>Non-current liabilities</b>				
Lease liabilities		883	689	986
Contingent consideration payable	11	6,216	4,975	5,587
Deferred tax liabilities		7,828	5,701	8,234
		<b>14,927</b>	11,365	14,807
<b>Current liabilities</b>				
Lease liabilities		1,025	931	1,128
Trade and other payables		13,160	13,329	13,509
Contingent consideration payable	11	1,653	1,151	1,747
Current tax liabilities		891	793	439
		<b>16,729</b>	16,204	16,823
		<b>31,656</b>	27,569	31,630
		<b>54,432</b>	50,298	53,025
<b>Equity attributable to equity holders of the Company</b>				
Called up share capital		117	115	116
Share premium reserve		6,386	6,364	6,373
Merger reserve		5,420	3,921	5,420
Retained earnings		42,520	39,952	41,078
Translation reserve		(11)	(54)	38
		<b>54,432</b>	50,298	53,025

## Tracsis plc – Consolidated statement of changes in equity

### For the six months ended 31 January 2021

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Total £'000
At 1 August 2019	115	6,343	3,921	37,545	17	47,941
Impact on initial application of IFRS 16 (net of tax)	-	-	-	(106)	-	(106)
<i>Total comprehensive income for the period</i>						
Profit for the six month period ended 31 January 2020	-	-	-	1,947	-	1,947
Other comprehensive income for the period ended 31 January 2020	-	-	-	-	(71)	(71)
<b>Total Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,947</b>	<b>(71)</b>	<b>1,876</b>
<i>Transactions with owners of the Company</i>						
Share based payment charges	-	-	-	566	-	566
Exercise of share options	-	21	-	-	-	21
<b>At 31 January 2020</b>	<b>115</b>	<b>6,364</b>	<b>3,921</b>	<b>39,952</b>	<b>(54)</b>	<b>50,298</b>
<i>Audited</i>						
At 1 August 2019	115	6,343	3,921	37,545	17	47,941
Impact on initial application of IFRS 16 (net of tax)	-	-	-	(106)	-	(106)
<i>Total comprehensive income for the period</i>						
Profit for the year ended 31 July 2020	-	-	-	2,877	-	2,877
Other comprehensive income for the year ended 31 July 2020	-	-	-	-	21	21
<b>Total Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,877</b>	<b>21</b>	<b>2,898</b>
<i>Transactions with owners of the Company</i>						
Dividends	-	-	-	(288)	-	(288)
Share based payment charges	-	-	-	1,050	-	1,050
Exercise of share options	-	30	-	-	-	30
Shares issued as consideration for business combinations	1	-	1,499	-	-	1,500
<b>At 31 July 2020</b>	<b>116</b>	<b>6,373</b>	<b>5,420</b>	<b>41,078</b>	<b>38</b>	<b>53,025</b>

## Tracsis plc – Consolidated statement of changes in equity (continued)

For the six months ended 31 January 2021

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Total £'000
At 1 August 2020	116	6,373	5,420	41,078	38	53,025
<i>Total comprehensive income for the period</i>						
Profit for the six month period ended 31 January 2021	-	-	-	777	-	777
Other comprehensive income for the period ended 31 January 2021	-	-	-	-	(49)	(49)
<b>Total Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>777</b>	<b>(49)</b>	<b>728</b>
<i>Transactions with owners of the Company</i>						
Share based payment charges	-	-	-	665	-	665
Exercise of share options	1	13	-	-	-	14
<b>At 31 January 2021</b>	<b>117</b>	<b>6,386</b>	<b>5,420</b>	<b>42,520</b>	<b>(11)</b>	<b>54,432</b>

**Tracsis plc**

**Condensed consolidated interim statement of cash flows for the six months to 31 January**

**2021**

	Unaudited Six months to 31 Jan 2021	Unaudited Six months to 31 Jan 2020	Audited Year ended 31 July 2020
Note	£'000	£'000	£'000
<b>Operating activities</b>			
Profit for the period	777	1,947	2,877
Finance income	(6)	(42)	(76)
Finance expense	408	30	79
Depreciation	776	781	1,882
Profit on disposal of plant & equipment	-	-	(12)
Non-cash exceptional items	172	-	(320)
Other operating income	-	-	(376)
Amortisation of intangible assets	2,126	1,628	3,599
Effect of foreign exchange adjustments	(49)	(71)	21
Share of result of equity accounted investees	104	204	309
Income tax charge	325	472	1,234
Share based payment charges	665	566	1,050
<b>Operating cash inflow before changes in working capital</b>	<b>5,298</b>	<b>5,515</b>	<b>10,267</b>
Movement in inventories	44	(3)	(49)
Movement in trade and other receivables	(967)	1,219	5,121
Movement in trade and other payables	(356)	(3,571)	(3,875)
<b>Cash generated from operations</b>	<b>4,019</b>	<b>3,160</b>	<b>11,464</b>
Interest received	4	42	76
Interest paid	-	(30)	(79)
Income tax paid	(436)	(502)	(908)
<b>Net cash flow from operating activities</b>	<b>3,587</b>	<b>2,670</b>	<b>10,553</b>
<b>Investing activities</b>			
Purchase of plant and equipment	(63)	(222)	(387)
Proceeds from disposal of plant and equipment	-	-	66
Acquisition of subsidiaries (net of cash acquired)	-	-	(13,852)
Payment of contingent consideration	11	(57)	(1,228)
<b>Net cash flow used in investing activities</b>	<b>(63)</b>	<b>(279)</b>	<b>(15,401)</b>
<b>Financing activities</b>			
Dividends paid	-	-	(288)
Proceeds from the exercise of share options	14	21	30
Lease liability payments	(688)	(471)	(1,089)
Lease liability receipts	14	-	11
<b>Net cash flow used in financing activities</b>	<b>(660)</b>	<b>(450)</b>	<b>(1,336)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,864</b>	<b>1,941</b>	<b>(6,184)</b>
Cash and cash equivalents at beginning of period	17,920	24,104	24,104
<b>Cash and cash equivalents at end of period</b>	<b>20,784</b>	<b>26,045</b>	<b>17,920</b>

## **Notes to the consolidated interim report**

### **For the six months ended 31 January 2021**

#### **1 Basis of preparation**

Tracsis plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 January 2021 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Group are the provision of software, services and technology for the rail industry ('Rail Technology & Services'), along with traffic surveys, consultancy, event planning and traffic management, and data analytics including software development ('Data, Analytics, Consultancy & Events') (see note 3).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These interim condensed consolidated financial statements and accompanying notes are neither audited nor reviewed, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and do not include all the information and disclosures required in annual statutory financial statements. They should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 July 2020 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 4 December 2020 and have been filed with Companies House. The report of the auditors on those accounts was unqualified.

The principal risks and uncertainties are largely unchanged from 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 9 to 13 of the Annual Report & Accounts for the year ended 31 July 2020. The Board considers risks on a periodic basis and has maintained the key risks as follows, on a Group wide basis:

- Rail industry structure changes
- Project Delivery
- Cyber Security Incident
- Attraction and retention of key employees
- Technological changes
- Brand reputation
- Regulatory breach
- Coronavirus (Covid-19) – disruption to the Data, Analytics, Consultancy and Events Division
- Reduced government spending
- Reliance on certain key customers
- Competition
- Health & Safety
- Customer pricing pressure
- Integration risk

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 2021 the Group had net cash and cash equivalents totalling £20.8m. The Board has considered future cash flow requirements taking into account reasonably possible changes in trading financial performance amid the timing uncertainty related to the recovery from Covid-19.

The condensed consolidated interim financial information was approved for issue on 8 April 2021.

## 2 Accounting Policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 July 2020 and which will form the basis of the 2021 Annual Report. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

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 2020.

There have been no new accounting standards or changes to existing accounting standards applied for the first time from 1 August 2020 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.

## 3 Revenue and Segmental analysis

### a) Revenue

Sales revenue is summarised below:

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £'000	Year Ended 31 July 2020 £'000
Rail Technology & Services	<b>12,057</b>	10,903	23,441
Data, Analytics, Consultancy & Events	<b>10,182</b>	15,462	24,557
<b>Total revenue</b>	<b>22,239</b>	26,365	47,998

Sales revenue has been split between the Rail Technology & Services segment and the Data, Analytics, Consultancy & Events segment for these interim results. See note 3b for further detail of this change. Comparative periods have been re-stated to reflect these segments.



A geographical analysis of revenue is provided below:

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £'000	Year ended 31 July 2020 £'000
United Kingdom	<b>18,723</b>	23,621	41,529
Europe	<b>3,338</b>	2,611	6,127
North America	<b>21</b>	75	57
Rest of the World	<b>157</b>	58	285
<b>Total</b>	<b>22,239</b>	26,365	47,998

## b) Segmental Analysis

As reported in the Group's final results for the year ended 31 July 2020, the Group has been reorganised into a new segmental structure in order to align with key areas of future transport industry growth. The Group has divided its results into two segments being 'Rail Technology & Services' and 'Data, Analytics, Consultancy & Events'. The comparatives included in these interim results have been re-stated to reflect the new segmental structure.

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 Board of Directors, who review internal monthly management reports, budgets and forecast information as part of this. Accordingly, the Board of 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 the reportable segments 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.

## Six months ended 31 January 2021

	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
<b>Revenues</b>				
Total revenue for reportable segments	12,057	10,182	-	22,239
Consolidated revenue	12,057	10,182	-	22,239
<b>Profit or loss</b>				
EBITDA for reportable segments	3,790	1,641	-	5,431
Amortisation of intangible assets	-	-	(2,126)	(2,126)
Depreciation	(355)	(421)	-	(776)
Exceptional Items (net)	-	-	(256)	(256)
Share-based payment charges	-	-	(665)	(665)
Share of result of equity accounted investees	-	-	(104)	(104)
Interest receivable/payable(net)	(21)	(18)	(363)	(402)
<b>Consolidated profit before tax</b>	<b>3,414</b>	<b>1,202</b>	<b>(3,514)</b>	<b>1,102</b>

## Six months ended 31 January 2020

	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
<b>Revenues</b>				
Total revenue for reportable segments	10,903	15,462	-	26,365
Consolidated revenue	10,903	15,462	-	26,365
<b>Profit or loss</b>				
EBITDA for reportable segments	3,944	1,642	-	5,586
Amortisation of intangible assets	-	-	(1,628)	(1,628)
Depreciation	(222)	(559)	-	(781)
Share-based payment charges	-	-	(566)	(566)
Share of result of equity accounted investees	-	-	(204)	(204)
Interest receivable/payable(net)	30	(18)	-	12
<b>Consolidated profit before tax</b>	<b>3,752</b>	<b>1,065</b>	<b>(2,398)</b>	<b>2,419</b>

	Year ended 31 July 2020			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
<b>Revenues</b>				
Total revenue for reportable segments	23,441	24,557	-	47,998
Consolidated revenue	23,441	24,557	-	47,998
<b>Profit or loss</b>				
EBITDA for reportable segments	8,633	1,830	-	10,463
Amortisation of intangible assets	-	-	(3,599)	(3,599)
Depreciation	(589)	(1,293)	-	(1,882)
Exceptional items (net)	-	-	115	115
Other operating income	-	-	376	376
Share-based payment charges	-	-	(1,050)	(1,050)
Interest receivable/payable(net)	33	(36)	-	(3)
Share of results of equity accounted investees	-	-	(309)	(309)
Consolidated profit before tax	8,077	501	(4,467)	4,111

	31 January 2021			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£'000	£000	£000	£000
<b>Assets</b>				
Total assets for reportable segments (exc. cash)	5,676	5,357	-	11,033
Intangible assets and investments	-	-	53,236	53,236
Deferred tax assets	-	-	1,035	1,035
Cash and cash equivalents	12,563	6,093	2,128	20,784
<b>Consolidated total assets</b>	<b>18,239</b>	<b>11,450</b>	<b>56,399</b>	<b>86,088</b>
<b>Liabilities</b>				
Total liabilities for reportable segments	(11,836)	(4,123)	-	(15,959)
Deferred tax	-	-	(7,828)	(7,828)
Contingent consideration	-	-	(7,869)	(7,869)
<b>Consolidated total liabilities</b>	<b>(11,836)</b>	<b>(4,123)</b>	<b>(15,697)</b>	<b>(31,656)</b>

	31 January 2020			Total
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	
	£'000	£000	£000	£000
<b>Assets</b>				
Total assets for reportable segments (exc. cash)	4,854	7,546	-	12,400
Intangible assets and investments	-	-	38,678	38,678
Deferred tax assets	-	-	744	744
Cash and cash equivalents	10,426	4,803	10,816	26,045
<b>Consolidated total assets</b>	<b>15,280</b>	<b>12,349</b>	<b>50,238</b>	<b>77,867</b>
<b>Liabilities</b>				
Total liabilities for reportable segments	(10,603)	(5,139)	-	(15,742)
Deferred tax	-	-	(5,701)	(5,701)
Contingent consideration	-	-	(6,126)	(6,126)
<b>Consolidated total liabilities</b>	<b>(10,603)</b>	<b>(5,139)</b>	<b>(11,827)</b>	<b>(27,569)</b>

	31 July 2020			Total
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	
	£'000	£000	£000	£000
<b>Assets</b>				
Total assets for reportable segments (exc. cash)	5,070	5,323	-	10,393
Intangible assets and investments	-	-	55,465	55,465
Deferred tax assets	-	-	877	877
Cash and cash equivalents	11,103	4,827	1,990	17,920
<b>Consolidated total assets</b>	<b>16,173</b>	<b>10,150</b>	<b>58,332</b>	<b>84,655</b>
<b>Liabilities</b>				
Total liabilities for reportable segments	(11,562)	(4,500)	-	(16,062)
Deferred tax	-	-	(8,234)	(8,234)
Contingent consideration	-	-	(7,334)	(7,334)
<b>Consolidated total liabilities</b>	<b>(11,562)</b>	<b>(4,500)</b>	<b>(15,568)</b>	<b>(31,630)</b>

#### 4 Exceptional items

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £'000	Year ended 31 July 2020 £'000
Impairment losses	-	-	1,155
Contingent consideration fair value adjustment	172	-	(1,475)
Legal and professional fees in respect of acquisitions <sup>(1)</sup>	84	-	205
<b>Total</b>	<b>256</b>	-	(115)

<sup>(1)</sup> Legal and professional fees incurred in relation to the acquisition of Flash Forward Consulting Limited, which completed on 26 February 2021

#### 5 Finance Costs

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £'000	Year ended 31 July 2020 £'000
Interest on lease liabilities	38	30	73
Net foreign exchange loss	7	-	6
Unwind of discount on liabilities <sup>(1)</sup>	363	-	-
<b>Total</b>	<b>408</b>	30	79

<sup>(1)</sup> See note 11 Contingent Consideration

## 6 Earnings per share

### *Basic earnings per share*

The calculation of basic earnings per share for the Half Year to 31 January 2021 was based on the profit attributable to ordinary shareholders of £777,000 (Half Year to 31 January 2020: £1,947,000, Year ended 31 July 2020: £2,877,000) and a weighted average number of ordinary shares in issue of 29,163,000 (Half Year to 31 January 2020: 28,795,000, Year ended 31 July 2020: 28,919,000), calculated as follows:

### **Weighted average number of ordinary shares**

In thousands of shares

	<b>Six months ended 31 January 2021</b>	Six months ended 31 January 2020	Year ended 31 July 2020
Issued ordinary shares at start of period	<b>29,123</b>	28,749	28,749
Effect of shares issued related to business combinations	-	-	76
Effect of shares issued for cash	<b>40</b>	46	94
Weighted average number of shares at end of period	<b>29,163</b>	28,795	28,919

### *Diluted earnings per share*

The calculation of diluted earnings per share for the Half Year to 31 January 2021 was based on the profit attributable to ordinary shareholders of £777,000 (Half Year to 31 January 2020: £1,947,000, Year ended 31 July 2020: £2,877,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 30,149,000 (Half Year to 31 January 2020: 29,665,000, Year ended 31 July 2020: 29,740,000).

### *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. A reconciliation of this figure is provided below:

	<b>Six months ended 31 January 2021</b>	Six months ended 31 January 2020	Year ended 31 July 2020
	<b>£'000</b>	£'000	£'000
Profit attributable to ordinary shareholders	<b>777</b>	1,947	2,877
Amortisation of intangible assets	<b>2,126</b>	1,628	3,599
Share-based payment charges	<b>665</b>	566	1,050
Exceptional items (net)	<b>256</b>	-	(115)
Other operating income	-	-	(376)
Adjusted profit for EPS purposes	<b>3,824</b>	4,141	7,035

## Weighted average number of ordinary shares

In thousands of shares

For the purposes of calculating Basic earnings per share	<b>29,163</b>	28,795	28,919
Adjustment for the effects of all dilutive potential ordinary shares	<b>986</b>	870	821
For the purposes of calculating Diluted earnings per share	<b>30,149</b>	29,665	29,740
<hr/>			
Basic adjusted earnings per share	<b>13.11p</b>	14.38p	24.33p
Diluted adjusted earnings per share	<b>12.68p</b>	13.96p	23.66p

## 7 Seasonality

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 sales. Some of these are exposed to high levels of seasonality for example:

- The Group's Data, Analytics, Consultancy & Events division derives significant amounts of revenue from work taking place at certain times of the year and is highly exposed to seasonality, in particular for SEP and CTM which has a very high level of seasonality based on the timing of events, but also Traffic Data where work typically takes place when the weather conditions are more predictable;
- Ontrac and Compass Informatics both perform some significant software development projects and the specific timing of these can vary depending on the commercial terms;
- Revenues from remote condition monitoring are also driven by the size and timing of significant orders received from major customers;
- Finally, the timing of certain software licence renewals, new sales, and also major project implementations along with consultancy offerings can also impact on when work is performed, revenues are delivered and therefore recognised.

As such, the overall Group continues to be exposed to a high degree of seasonality throughout the year and reporting period. It is anticipated that the impact of Covid-19 will continue to affect the Group in the second half of this financial year, predominantly impacting our Events and Traffic Data business units due to ongoing Covid-19 related restrictions on their end markets. It is expected that activity levels in the Events and Traffic Data businesses will progressively return to normal as lockdown restrictions are lifted.

## 8 Dividends

The Board does not consider it appropriate to pay an interim dividend for the six months ended January 2021. The Board is committed to restoring the progressive dividend policy at the earliest appropriate date.

## 9 Related party transactions

The following transactions took place during the year with other related parties:

	Purchase of			Amounts owed to		
	goods and services			related parties		
	H1 2021	H1 2020	FY 2020	H1 2021	H1 2020	FY 2020
£'000	£'000	£'000	£'000	£'000	£'000	
Citi Logik Limited (1)	-	-	-	-	-	-
Nutshell Software Limited (1)	26	63	13	63	-	-
Vivacity Labs Limited (1)	174	176	404	37	51	4
WSP UK Limited (2)	-	5	-	-	-	-

	Sale of			Amounts owed by		
	goods and services			related parties		
	H1 2021	H1 2020	FY 2020	H1 2021	H1 2020	FY 2020
£'000	£'000	£'000	£'000	£'000	£'000	
WSP UK Limited (2)	1,368	1,190	2,706	-	33	495
Citi Logik Limited (1)	-	-	-	-	-	-
Vivacity Labs Limited (1)	1	20	-	-	-	-
Nutshell Software Limited (1)	15	-	14	10	-	-

(1) Citi Logik Limited, Nutshell Software Limited and Vivacity Labs Limited are related parties by virtue of the Group's shareholding in these entities.

(2) WSP UK Limited (WSP) is a company which is connected to Chris Cole who serves as non-executive Chairman of Tracsis plc and also of WSP Global Inc, WSP's parent company. Sales to WSP took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP.

In the financial statements for the year ended 31 July 2020 and the interim results to 31 January 2020 Nexus Leeds Limited was identified as a related party through its connection to the University of Leeds. Having assessed this entity at 31 January 2021 against the criteria set out in IAS 24 Related Party Disclosures the entity no longer meets the definition of being a related party, and consequently disclosure of transactions is no longer required.



## 10 Reconciliation of adjusted profit metrics

In addition to the statutory profit measures of operating profit and profit before tax, the Group quotes Adjusted EBITDA and Adjusted profit. These figures are relevant to the Group and are provided to provide a comparison to similar businesses and are metrics used by Equities Analysts who cover the Group as they better reflect the underlying performance of the Group, and its ability to generate cash. The largest components of the adjusting items, being depreciation, amortisation, share based payments, and share of associates, are 'non cash' items and so are separately analysed in order to assist with the understanding of underlying trading. Adjusted EBITDA is defined as earnings before finance income and expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees. Adjusted EBITDA can be reconciled to statutory profit before tax as set out below:

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £000	Year ended 31 July 2020 £000
Profit before tax	1,102	2,419	4,111
Finance expense / (income) – net	402	(12)	3
Share-based payment charges	665	566	1,050
Exceptional items - net	256	-	(115)
Other operating income	-	-	(376)
Amortisation of intangible assets	2,126	1,628	3,599
Depreciation	776	781	1,882
Share of result of equity accounted investees	104	204	309
<b>Adjusted EBITDA</b>	<b>5,431</b>	<b>5,586</b>	<b>10,463</b>

Adjusted profit is defined as earnings before finance income and expense, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees. Adjusted profit can be reconciled to statutory profit before tax as set out below:

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £000	Year ended 31 July 2020 £000
Profit before tax	1,102	2,419	4,111
Finance expense/(income) – net	402	(12)	3
Share-based payment charges	665	566	1,050
Exceptional items – net	256	-	(115)
Other operating income	-	-	(376)
Amortisation of intangible assets	2,126	1,628	3,599
Share of result of equity accounted investees	104	204	309
<b>Adjusted profit</b>	<b>4,655</b>	<b>4,805</b>	<b>8,581</b>

Adjusted EBITDA reconciles to adjusted profit as set out below:

	<b>Six months ended 31 January 2021 £'000</b>	Six months ended 31 January 2020 £000	Year ended 31 July 2020 £000
Adjusted EBITDA	<b>5,431</b>	5,586	10,463
Depreciation	<b>(776)</b>	(781)	(1,882)
Adjusted profit	<b>4,655</b>	4,805	8,581

## 11 Contingent Consideration

During the financial year ended 31 July 2019, the Group acquired Cash & Traffic Management Limited, Compass Informatics Limited and Bellvedi Limited. Under the share purchase agreements in place for each of these acquisitions, contingent consideration is payable which is linked to the profitability of the acquired businesses for a two to four year period post acquisition. The maximum amount payable is £750,000 for Cash & Traffic Management Limited, €2,000,000 for Compass Informatics Limited and £7,900,000 for Bellvedi Limited. The fair value at 31 January 2021 is assessed at £119,000 for Cash & Traffic Management Limited, £1,029,000 for Compass Informatics Limited and £3,381,000 for Bellvedi Limited. In the financial year ended 31 July 2020 the Group acquired iBlocks Limited. Under the share purchase agreement in place for this acquisition contingent consideration is payable which is linked to the profitability of the acquired business for a three year period post acquisition. The maximum amount payable is £8,500,000, and the fair value of the amount payable was assessed at £3,340,000 at 31 January 2021.

The movement on contingent consideration can be summarised as follows:

	<b>31 January 2021 £000</b>	31 January 2020 £000	31 July 2020 £000
At the start of the year	<b>7,334</b>	6,183	6,183
Arising on acquisition	-	-	3,854
Cash payment	-	(57)	(1,228)
Fair value adjustment to Statement of Comprehensive Income	<b>172</b>	-	(1,475)
Unwind of discounting (finance expense)	<b>363</b>	-	-
At the end of the period	<b>7,869</b>	6,126	7,334

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

	<b>31 January 2021 £000</b>	31 January 2020 £000	31 July 2020 £000
Payable in less than one year	<b>1,653</b>	1,151	1,747
Payable in more than one year	<b>6,216</b>	4,975	5,587
Total	<b>7,869</b>	6,126	7,334

## **12 Events after the Balance Sheet date**

On 1 February 2021 Andrew Kelly was appointed to the role of Chief Financial Officer replacing Max Cawthra who stepped down on 31 January 2021.

On 26 February 2021 the Group acquired Flash Forward Consulting Limited a transport consultancy business operating predominantly across the rail and bus sectors. The overall consideration for this acquisition was £1.5m, plus a further cash payment of circa £1m reflecting the net current asset position of the business. The Group is currently evaluating the fair value of the assets and liabilities acquired.

## Further information for Shareholders

**Company number:** 05019106

**Registered office:** Nexus  
Discovery Way  
Leeds  
LS2 3AA

**Directors:** Chris Cole (Non-Executive Chairman)  
Chris Barnes (Chief Executive Officer)  
Andrew Kelly (Chief Financial Officer)  
Lisa Charles-Jones (Non-Executive Director)  
Liz Richards (Non-Executive Director)  
Mac Andrade (Non-Executive Director)

**Company Secretary:** Andrew Kelly