

7 April 2022

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

Unaudited Interim results for the six months ended 31 January 2022

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 2022.

Financial Highlights:

- Revenue increased by 31% to £29.2m (H1 2021: £22.2m)
 - Significant revenue growth in Data, Analytics, Consultancy and Events Division, including post-Covid recovery
 - Rail Technology and Services Division revenue at a similar level to prior year; recent multi-year Rail Technology software contract wins will drive future revenue growth
- Adjusted EBITDA* increased by 14% to £6.2m (H1 2021: £5.4m)
 - Data, Analytics, Consultancy and Events Division increased by 35%
 - Rail Technology and Services Division increased by 4%
- Profit before tax increased by 16% to £1.3m (H1 2021: £1.1m)
- Cash balances of £25.1m with no debt (31 July 2021: £25.4m, 31 January 2021: £20.8m)
- Restoring the progressive dividend policy; proposed interim dividend of 0.9p per share

Operational Highlights:

- Won several multi-year rail technology software contracts including our first in the rail freight sector for TRACS Enterprise, as well as additional smart ticketing and delay repay contracts
- Events and Traffic Data businesses have responded quickly to capitalise on post-Covid increase in demand, made possible by actions taken to safeguard these businesses during the pandemic
- Large multi-year TRACS Enterprise contracts won in previous years now in deployment phase ahead of go-live dates in summer 2022
- Enhanced the Group’s Data Analytics/GIS capabilities with the acquisition of geoscience company Icon GEO, with the integration progressing well
- Further progress in Group operational improvements: continued investment in implementing a more integrated operating and shared services model, improving our processes and systems, and people development

Post period end Highlights:

- Acquisition of RailComm LLC (“RailComm”) a US based rail technology software and services provider, giving direct access to the large and growing North American market
- Further contract wins in the Rail Technology and Services Division
 - Two additional multi-year TRACS Enterprise contracts with passenger operators in the UK
 - Secured a large multi-year Centrix software contract and an extension to our long-running Remote Condition Monitoring data logger framework contract with the UK’s rail infrastructure provider
- Encouraging start to Q3 trading with high activity levels across large parts of the Group
- Well positioned to deliver further growth in H2 and beyond

** 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. We have seen strong revenue and adjusted EBITDA growth, and have made some important progress in executing our strategic growth agenda and converting our sales pipeline. We have won several multi-year recurring revenue software contracts and have a growing pipeline of other opportunities, which together leave us well placed to deliver further growth.

The UK rail industry's transition to a new Great British Railways structure is ongoing and the overall objective is to create a data-driven, customer-focused, safety-critical future for the industry. Our range of rail technology products and services is well placed to help the rail industry deliver its strategic goals and as a result we have been asked to actively participate in helping to shape future decision making.

The recent acquisition of RailComm is an important strategic development for Tracsis, providing a platform onto which we can start to internationally expand the Group and its rail product portfolio via direct access to the significant and growing North American rail technology market. We have received a very positive reaction across RailComm's North American client base.

We continue to invest in implementing a more integrated operating model to help us to execute our growth strategy. I am particularly pleased to see the launch of the OneTracsis leadership development programme during the period, which is an important initiative as part of our commitment to investing in developing our people and growing the next generation of leaders in our business.

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

Presentation and Overview video

Tracsis is hosting an online presentation open to all investors on Friday 8 April 2022 at 1.00pm UK time. Anyone wishing to connect should register here: https://bit.ly/TRCS_Interim_webinar_r

A video overview of the results featuring CEO Chris Barnes and CFO Andy Kelly is available to view here: https://bit.ly/TRCS_H122_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

Introduction

The Group has reported first half performance in line with management's expectations, with strong growth in revenue and adjusted EBITDA.

Large multi-year software contract wins will support ongoing Rail Technology and Services revenue growth

We have secured several multi-year technology contracts in the Rail technology and Services Division during the first half and post period end. In Rail Operations and Planning we have won two new contracts for our TRACS Enterprise product suite with UK passenger operators, as well as our first contract for this product in the rail freight sector. In Digital Railway and Infrastructure, we have secured a large multi-year Centrix software contract win and an extension to our long-running Remote Condition Monitoring ("RCM") data logger framework contract with the UK's rail infrastructure provider, both of which will lead to future RCM hardware procurement. And in Rail Customer Experience we have won two new contracts for our delay repay solution, in addition to the smart ticketing contract win that was detailed in our Final Results announcement. These contract wins across the Division will deliver an increase in annual recurring licence revenue consistent with our growth expectations.

Significant recovery in Events and Traffic Data

We have seen a significant recovery in activity levels in the Events and Traffic Data businesses that were most impacted by Covid-19. Both were able to quickly respond to improving market demand as a result of the actions taken to safeguard those businesses and protect jobs and skills during the pandemic. Activity levels in Events have returned to pre-pandemic levels. We anticipate that a full recovery in Traffic Data will be completed through the second half of the year, although the timing of this remains uncertain. Alongside the incremental contribution from the acquisitions of Icon GEO in November 2021 and Flash Forward Consulting in February 2021, this drove extremely strong revenue growth in the Data, Analytics, Consultancy and Events Division of 72%.

Acquisition gives direct access to an established sales network in North America

Post period end the Group completed an important strategic acquisition, making our first direct entry into the North American market with the acquisition of RailComm. This is consistent with our strategy to extend Tracsis' rail software footprint and to expand the addressable markets for our products and services. In addition to the growth opportunities that exist in RailComm's core markets of rail yard automation and computer aided dispatching, the acquisition provides Tracsis with direct access to a long-established sales network into a significant number of rail clients in North America. This will enable the Group to progressively market its existing portfolio of rail products and services, with Remote Condition Monitoring the initial area of focus.

Building a strong foundation for future growth

The Group has made further good progress during the period in implementing a more integrated business model and adopting common processes and systems. As part of our commitment to investing in our people we have launched a 'OneTracsis' leadership development scheme with 100 managers and senior leaders enrolled on an 18 month programme that will also promote collaboration and innovation across the Group. This is part of a comprehensive people strategy that is being developed, with a focus on succession planning, talent acquisition, and reward & benefits. We have started to expand our shared services operating model by working towards implementing a single groupwide IT operating environment, and we continue to accelerate the implementation of our ESG initiatives.

Progress on Delivering our Strategy

Our vision for Tracsis is to become the leading provider of high value, niche technology solutions and services that solve complex problems which maximise efficiency in regulated industries. Our business model remains focused on specialist 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 believe this strategy will allow Tracsis to continue the growth trajectory it has achieved since IPO in 2007 and to deliver further significant value to shareholders in the short, medium and longer term.

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

Strategic Priority	Progress since 31 July 2021	Future Focus
Drive Organic Growth <i>Delivery of our pipeline, continual innovation of products and services, flawless high quality delivery and an excellent close working relationship with our customers</i>	<ul style="list-style-type: none">• Multi-year TRACS Enterprise contract wins with two UK passenger operators, and our first contract win in the rail freight sector• New smart ticketing contract secured with a large passenger Train Operating Company (“TOC”).• Two new delay repay contracts secured with UK TOCs• Large multi-year Centrix software contract win in Remote Condition Monitoring and an extension to our long-running data logger framework contract• Work continues on implementing TRACS Enterprise contracts won in previous years; two major TOCs due to go-live in summer 2022• Large pipeline of other rail software opportunities	<ul style="list-style-type: none">• Delivery of recent contract wins and pipeline of large multi-year software contracts• Support UK Rail Industry to deliver the strategic vision outlined in the Williams-Shapps plan• Continued investment in software & technology products• Complete post-Covid recovery in affected business units

	<ul style="list-style-type: none"> • Strong post-Covid recovery ongoing in Events and Traffic Data 	
<p>Expand Addressable Markets</p> <p><i>Selling our products and services into new markets, including overseas, and expansion into selected sectors that share problems with the industries we currently serve</i></p>	<ul style="list-style-type: none"> • Post period-end acquisition of RailComm provides direct access to a significant number of rail clients in the North American market • Further growth in Data Analytics / GIS revenue 	<ul style="list-style-type: none"> • Progressively market existing portfolio of Tracsis products and services in North America • Continued growth in Data Analytics / GIS
<p>Enhance Growth Through Acquisition</p> <p><i>Reinvesting Group profits to fund further accretive acquisitions that meet our disciplined investment criteria</i></p>	<ul style="list-style-type: none"> • Completed acquisitions of RailComm and Icon GEO • Further potential targets evaluated 	<ul style="list-style-type: none"> • Active pursuit of M&A to extend rail software and data informatics footprint – focus on recurring revenue growth
<p>Integration and Capability</p> <p><i>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</i></p>	<ul style="list-style-type: none"> • Developing a comprehensive people strategy to attract, retain and develop talent • Launched ‘OneTracsis’ leadership training programme • Started expanding shared services model to cover IT operations • Continuing to accelerate impact of ESG activities • Using Innovation Hub to drive increasing levels of collaboration and future R&D 	<ul style="list-style-type: none"> • R&D collaboration via Innovation Hub • Enhance management capability and bandwidth • Continued alignment of Group-wide systems and processes • Focused people development

Trading Progress and Prospects

Rail Technology & Services

Summary segment results:

Revenue	£11.7m	(H1 2021: £12.1m)
Adjusted EBITDA*	£4.0m	(H1 2021: £3.8m)
Profit before Tax	£3.6m	(H1 2021: £3.4m)

Activity levels in our Rail Technology & Services Division remain high. All parts of the Division have won new contracts since the end of the previous financial year, and we have a strong pipeline of additional multi-year software opportunities. Work has continued on implementing contracts won in previous periods. Our focus on these projects is to work closely with our customers as a partner to deliver significant value over the long-term. Delivery timelines in this sector are typically determined in partnership with our customers.

Total revenue of £11.7m was 3% lower than prior year, which principally reflects lower revenue from Remote Condition Monitoring (“RCM”). The RCM business delivered a record performance in the prior year, and its performance is consistent with the historic cyclical nature of the customer investment cycle. The lower RCM revenue was partly offset by strong growth in our Rail Operations and Planning business. Revenue from our Customer Experience products was at a similar level to prior year. Both businesses have secured recent contract wins that will start to deliver revenue in H2 of the current financial year.

Despite the small decrease in revenue, adjusted EBITDA* increased by 4% to £4.0m (H1 2021: £3.8m) which includes the benefit from a 4% increase in software revenues across the Division.

With a number of recent contract wins, several previously won contracts scheduled to ‘go-live’ in H2, and a strong pipeline of future opportunities, we are well positioned to deliver growth in the Rail Technology and Services Division in H2 and beyond.

The industry’s transition to a new Great British Railways structure, which aims to create a data-driven, customer-focused, safety-critical future for the industry, is ongoing, and we have been asked at senior client level to formally input our ideas into how the UK can achieve this vision. This demonstrates the value the industry attaches to Tracsis’ expertise and range of rail technology products, which offer a compelling and, in some cases, unique value proposition to help it deliver its strategic goals.

Rail Operations & Planning

Total revenues from the Group’s rail operations & planning software and hosting offerings were £5.3m (H1 2021: £4.9m). This includes 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. We have made good progress on our TRACS Enterprise projects and expect the first two UK TOCs to go-live in summer 2022 . In addition, we have won several new multi-year TRACS Enterprise contracts. This includes two further contracts with UK passenger operators, where work will start in the second half of the financial year. We have also secured the first TRACS Enterprise contract in the rail freight sector and development work is already underway. In addition, we continue to have a strong pipeline of new 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 were £5.0m (H1 2021: £5.8m). This includes the revenue from MPEC in Remote Condition Monitoring and from our safety and risk management product suites within OnTrac. These businesses both delivered record performance in the prior year.

We saw lower RCM volumes in the first half of the year, following a record performance in the prior year. Performance in this part of the Division is consistent with the historic investment cycle trend of its UK customer base which consists of 5 year 'Control Periods'. We have won several large contracts with large railway systems integrators for the supply of RCM equipment through the remaining Control Period 6 which runs to 31 March 2024. Post period-end we have also secured both a large multi-year contract win for the supply of our Centrix data acquisition platform and an extension to our long-running RCM data logger framework contract, both of which will lead to future hardware procurement.

The RailComm acquisition will also open up direct access into the North American market for this side of the business, increasing the addressable market for our products and helping to mitigate the cyclical demand trends in the UK market.

OnTrac revenue for the first half of the year was broadly similar to the prior year. Activity was dominated by the roll-out of the large RailHub contract that was secured in July 2021 that will more than double the user base of this product. There is a growing pipeline of future opportunities for variants of this product as the UK rail industry continues its digitalisation agenda.

Rail Customer Experience

Revenue of £1.4m was consistent with prior year (H1 2021: £1.4m). We are seeing increasing interest in iBlocks' smart ticketing product offering that is well aligned with passenger requirements as Covid-19 restrictions have been lifted and with the UK Government's strategic intent to deliver increased Pay As You Go (PAYG), multi-modal ticketing as outlined in the Williams-Shapps plan for Rail. We announced a new contract win with a UK TOC alongside our full year results, which is scheduled to 'go-live' during H2 of this financial year. We have also won two new contracts for the deployment of our delay repay products. These contract wins leave the business well positioned to deliver growth in H2 and beyond.

Data, Analytics, Consultancy & Events

Summary segment results:

Revenue	£17.5m	(H1 2021: £10.2m)
Adjusted EBITDA*	£2.2m	(H1 2021: £1.6m)
Profit before Tax	£1.8m	(H1 2021: £1.2m)

We have seen a significant recovery in activity levels in the Events and Traffic Data businesses that were most impacted by Covid-19 and we expect this recovery will continue through the second half of the financial year. As a result of the actions taken during the pandemic to protect jobs, look after our people, and safeguard these businesses, we have been able to respond quickly to this increase in demand. The Division has also benefitted

from the incremental contribution from the acquisitions of Flash Forward Consulting in February 2021 and Icon GEO in November 2021 and both businesses have been fully integrated into the Group. After excluding the growth from acquisition, organic revenue growth for the Division was £5.9m or 58%. This also included continued underlying growth in Compass Informatics.

Adjusted EBITDA increased by 35% to £2.2m (H1 2021: £1.6m). The prior period included £0.5m of support to the Income Statement from the Coronavirus Job Retention Scheme (“CJRS”). After adjusting for this we have seen growth in the underlying profitability of this Division, including the benefit from increased revenue and from retaining c£0.3m of cost reduction actions taken in the prior year.

Data Analytics / GIS

Revenue increased to £3.7m (H1 2021: £3.0m) which includes the incremental contribution from Icon GEO as well as continued underlying growth in Compass Informatics. Icon GEO has been fully integrated within this business to create an Irish-based Data Analytics centre of excellence with c.130 staff specialising in providing location-related technologies and analytics solutions to government and commercial organisations. As well as offering an enhanced product offering to customers, we are also starting to utilise the Group’s data analytics capabilities to support other areas of the Group in developing new product ideas.

Transport Insights

Revenue of £2.7m was £0.9m higher than prior year (H1 2021: £1.8m) which includes the contribution from Flash Forward that was acquired in February 2021. Excluding Flash Forward, organic revenue growth was 5% with increases in both our Rail Consultancy and Passenger Analytics offerings.

Traffic Data

Revenue increased by 35% to £4.3m (H1 2021: £3.2m) with activity levels steadily increasing as Covid-related restrictions have been eased. H1 performance was impacted by Covid-19 restrictions that remained in place, including in response to the Omicron variant, with work being postponed or cancelled as the prevailing traffic conditions were not representative of client needs. As such, we have not yet seen a full recovery in this side of the business and we anticipate that this will be completed through the second half of the year, although timing remains uncertain.

Event Transport Planning & Management

H1 performance was strong, delivering revenue of £6.8m which was £4.6m higher than the prior year (H1 2021: £2.2m). The recovery in activity levels we experienced at the end of the previous financial year was maintained through the first half, with demand for sporting and cultural events returning to normal levels. We anticipate this to continue assuming no further Covid restrictions are implemented. We have also continued to support Covid testing and vaccination centres which delivered £1.1m of revenue in the period.

Financial Summary

H1 revenue of £29.2m was £6.9m (31%) higher than the prior year (H1 2021: £22.2m). Revenue in the Data, Analytics, Consultancy and Events Division grew by £7.3m (72%) as a result of a strong post-Covid recovery in Events and Traffic Data as well as the incremental contribution from the acquisitions of Flash Forward and Icon GEO that were completed since H1 2021. Revenue in the Rail Technology and Services Division was £0.4m (3%) lower than prior year. Recent contract wins leave this Division well placed to deliver growth in the second half of the year.

Adjusted EBITDA* of £6.2m was £0.7m (14%) higher than the prior year (H1 2021: £5.4m), which included £0.5m of support to the Income Statement from the CJRS. No claims have been made under the CJRS in this financial year.

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

	Unaudited Six months ended 31 January 2022 £'000	Unaudited Six months ended 31 January 2021 £'000	Audited Year Ended 31 July 2021 £'000
Revenue	29,182	22,239	50,237
Adjusted EBITDA * (note 10)	6,167	5,431	12,978
Adjusted Profit ** (note 10)	5,401	4,655	11,375
Profit before tax	1,280	1,102	4,635

* 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.

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

Statutory profit before tax of £1.3m is £0.2m higher than prior year (H1 2021: £1.1m). In addition to the £0.7m increase in adjusted EBITDA* described above, this reflects the following items:

- £0.8m depreciation charge at a similar level to the prior year (H1 2021: £0.8m);
- £2.2m amortisation of intangible assets (H1 2021: £2.1m), which includes charges relating to the acquisitions of Flash Forward Consulting in February 2021 and Icon GEO in November 2021;
- £0.8m share based payment charges (H1 2021: £0.7m);
- £0.8m exceptional items (H1 2021: £0.6m) reflecting £0.4m unwinding of previously discounted contingent consideration balances in accordance with IFRS accounting standards at a similar level to the prior year; a net £0.1m increase in the assessed fair value of contingent consideration based on the future expectations of performance from previous acquisitions; and £0.3m of transaction costs associated with the acquisitions of Flash Forward Consulting and RailComm;
- £0.1m net finance expense (H1 2021: <£0.1m); and
- £0.3m charge (H1 2021: £0.1m) relating to the share of the result of equity accounted investees

The Group continues to have significant levels of cash and remains debt free. At 31 January 2022 the Group's cash balances were £25.1m (H1 2021: £20.8m) and cash generation remains strong. Post period end the

\$14.2m (£10.9m) acquisition of RailComm was funded through cash reserves. \$2.7m (£2.1m) of this relates to contingent consideration that has been paid into Escrow and is subject to RailComm achieving certain financial targets in the year post acquisition.

A summary of cash flows is set out below:

	Unaudited Six months ended 31 January 2022 £'000	Unaudited Six months ended 31 January 2021 £'000	Audited Year ended 31 July 2021 £'000
Net cash flow from operating activities	2,909	3,636	9,356
Net cash flow used in investing activities	(2,550)	(63)	(595)
Net cash flow used in financing activities	(617)	(660)	(1,201)
Movement during the period (before exchange adjustments)	(258)	2,913	7,560

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.

Our approach to M&A is to identify established businesses with a well differentiated product or service offering that is complementary to Tracsis' existing portfolio. Importantly we look for businesses that have a culture of entrepreneurship and customer focus that fits with our ethos of building strong, long-term relationships with our customers that deliver compelling value propositions. In executing acquisitions we are able to mobilise quickly and we place a high value on acting with integrity. We take a partnership approach to the acquisition process, preferring to retain existing management to continue in their roles post-acquisition to deliver an agreed strategic plan.

Icon GEO

On 3 November 2021 the Group acquired Icon Group ("Icon GEO"). Headquartered in Dublin, Icon GEO is an interdisciplinary geosciences business who specialise in earth observation, geographical information systems, and spatial data analytics. Icon GEO has been integrated with Tracsis' existing Data Analytics/GIS solutions provider Compass Informatics to create an Irish-based Data Analytics centre of excellence specialising in providing location-related technologies and analytics solutions and services to government and commercial organisations.

The acquisition consideration comprised an initial cash payment of £1.9m, a further cash payment to reflect the working capital position of the business (above a working capital hurdle) on completion totalling £1.9m and the issue of 68,762 new ordinary shares in Tracsis plc to a value of £0.6m. Additional contingent consideration of up to £1.5m is payable subject to Icon GEO achieving certain stretched financial targets over a three-year period.

RailComm LLC

Post period end the Group acquired RailComm LLC (“RailComm”) on 11 March 2022. Headquartered in Fairport, New York and established in 1999, RailComm provides 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. The business has good levels of annual recurring software revenues in addition to large project delivery/systems integration work. It employs around 30 full-time staff who have remained with the business post transaction.

The acquisition of RailComm is in line with Tracsis’ strategy of extending its rail software footprint and expanding the addressable markets for its products and services. In addition to the significant growth opportunities that exist within RailComm’s core rail markets, we now have direct access to a long-established sales network into a significant number of rail clients in the North American market. This will enable Tracsis to progressively market its existing portfolio of rail products and services, with Remote Condition Monitoring the initial area of focus. One of Tracsis’ senior rail managers from the UK will be relocating to the US to oversee delivery of these growth opportunities.

The acquisition consideration comprised an initial cash payment of \$11.5m (£8.8m). Additional contingent consideration of up to \$2.7m (£2.1m) is payable subject to RailComm achieving certain financial targets in the first full year post acquisition, and this cash will be held in escrow through that period. The acquisition was funded out of Tracsis cash reserves.

Dividend

The Group remains committed to the progressive dividend policy that was adopted in 2012. In the first half of this financial year, we have seen a strong recovery in activity levels in those parts of the Group most impacted by Covid-19, and we have not utilised the UK Government’s CJRS scheme. In this context the Board consider it appropriate to restore the progressive dividend policy. The Directors have declared an interim dividend of 0.9 pence per share which will be paid on 6 May 2022 to shareholders on the register at 19 April 2022.

Board

Dr James Routh was appointed to the Board as a Non-Executive Director and Senior Independent Director on 29 September 2021.

Summary and Outlook

The Board was pleased with the first half performance, with strong revenue growth in the Data, Analytics, Consultancy & Events Division, and a number of important multi-year contract wins in the Rail Technology & Services Division that positions it well for further growth.

Our end market drivers are strong and Tracsis’ products and services are well aligned with these drivers as they enable our customers to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety.

The Group has a clear growth strategy and has a strong balance sheet to support its delivery. Since the end of the previous financial year we have made good progress in implementing this strategy, including winning a number of large multi-year software contracts, continuing to deliver on contracts won in previous years, and making further targeted investment in adapting our operating model to support ongoing, scalable growth. M&A

remains a core part of our strategy, and post period-end we have taken a significant step towards increasing the size of our addressable markets with our first acquisition in North America.

We have entered the second half of the year with confidence in the strength of our financial position and with high activity levels across the Group. There has been an encouraging start to Q3 trading, and Board's expectations for the year to 31 July 2022 remain unchanged.

Chris Cole
Non-Executive Chairman

Chris Barnes
Chief Executive Officer

7 April 2022

Tracsis plc
Condensed consolidated interim income statement for the six months ended 31 January
2022

	Note	Unaudited 6 months ended 31 January 2022	Unaudited 6 months ended 31 January 2021	Audited Year ended 31 July 2021
		£'000	£'000	£'000
Revenue	3	29,182	22,239	50,237
Cost of sales		(11,438)	(6,007)	(15,424)
Gross profit		17,744	16,232	34,813
Administrative costs ³		(16,109)	(14,987)	(29,657)
Adjusted EBITDA ¹	3, 10	6,167	5,431	12,978
Depreciation		(766)	(776)	(1,603)
Adjusted profit ²	10	5,401	4,655	11,375
Amortisation of intangible assets		(2,179)	(2,126)	(4,269)
Other operating income		-	-	440
Share-based payment charges		(804)	(665)	(1,276)
Operating profit before exceptional items		2,418	1,864	6,270
Exceptional items:				
Other ³	4	(783)	(619)	(1,114)
Operating profit		1,635	1,245	5,156
Finance income		1	6	11
Finance expense	5	(59)	(45)	(98)
Share of result of equity accounted investees		(297)	(104)	(434)
Profit before tax		1,280	1,102	4,635
Taxation		(487)	(325)	(2,279)
Profit for the period		793	777	2,356
Other comprehensive income				
Foreign currency translation differences		67	(49)	(126)
Total recognised income for the period		860	728	2,230
Earnings per ordinary share				
Basic	6	2.70p	2.66p	8.06p
Diluted	6	2.61p	2.58p	7.82p

¹ 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

² 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

³ The unwind of discounting of contingent consideration was reported within finance costs in HY21. This has been reported in administrative costs within exceptional items in these financial statements for consistency with the audited accounts for the year ended 31 July 2021.

Tracsis plc
Condensed consolidated interim balance sheet as at 31 January 2022

	Note	Unaudited At 31 January 2022 £'000	Unaudited At 31 January 2021 £'000	Audited At 31 July 2021 £'000
Non-current assets				
Property, plant and equipment		3,767	3,312	3,540
Intangible assets		53,182	52,251	51,745
Investments – equity		99	50	50
Investments in equity accounted investees		259	935	605
Deferred tax assets		701	1,035	551
		58,008	57,583	56,491
Current assets				
Inventories		406	386	381
Trade and other receivables		11,786	7,335	11,263
Cash and cash equivalents		25,057	20,784	25,387
		37,249	28,505	37,031
Total assets		95,257	86,088	93,522
Non-current liabilities				
Lease liabilities		1,205	883	1,131
Contingent consideration payable	11	4,515	6,216	3,220
Deferred consideration payable		594	-	584
Deferred tax liabilities		8,402	7,828	8,517
		14,716	14,927	13,452
Current liabilities				
Lease liabilities		968	1,025	928
Trade and other payables		14,811	13,160	17,007
Contingent consideration payable	11	4,556	1,653	4,689
Deferred consideration payable		314	-	308
Current tax liabilities		912	891	473
		21,561	16,729	23,405
Total liabilities		36,277	31,656	36,857
Net assets		58,980	54,432	56,665
Equity attributable to equity holders of the Company				
Called up share capital		118	117	117
Share premium reserve		6,415	6,386	6,401
Merger reserve		6,161	5,420	5,525
Retained earnings		46,307	42,520	44,710
Translation reserve		(21)	(11)	(88)
Total equity		58,980	54,432	56,665

Tracsis plc – Consolidated statement of changes in equity

For the six months ended 31 January 2022

Unaudited	Share	Share	Merger	Retained	Translation	Total			
	Capital	Premium					Reserve	Earnings	Reserve
	£'000	Reserve					£'000	£'000	£'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)			
Total Comprehensive income for the period	-	-	-	777	(49)	728			
<i>Transactions with owners of the Company</i>									
Share based payment charges	-	-	-	665	-	665			
Exercise of share options	1	13	-	-	-	14			
At 31 January 2021	117	6,386	5,420	42,520	(11)	54,432			

Audited						
At 1 August 2020	116	6,373	5,420	41,078	38	53,025
Profit for the year ended 31 July 2021	-	-	-	2,356	-	2,356
Other comprehensive income for the year ended 31 July 2021	-	-	-	-	(126)	(126)
Total Comprehensive income for the period	-	-	-	2,356	(126)	2,230
<i>Transactions with owners of the Company</i>						
Share based payment charges	-	-	-	1,276	-	1,276
Exercise of share options	1	28	-	-	-	29
Shares issued as consideration for business combinations	-	-	105	-	-	105
At 31 July 2021	117	6,401	5,525	44,710	(88)	56,665

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

For the six months ended 31 January 2022

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Total £'000
At 1 August 2021	117	6,401	5,525	44,710	(88)	56,665
<i>Total comprehensive income for the period</i>						
Profit for the six month period ended 31 January 2022	-	-	-	793	-	793
Other comprehensive income for the period ended 31 January 2022	-	-	-	-	67	67
Total Comprehensive income for the period	-	-	-	793	67	860
<i>Transactions with owners of the Company</i>						
Share based payment charges	-	-	-	804	-	804
Exercise of share options	1	14	-	-	-	15
Shares issued as consideration for business combinations	-	-	636	-	-	636
At 31 January 2022	118	6,415	6,161	46,307	(21)	58,980

Tracsis plc

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

2022

	Unaudited Six months to 31 Jan 2022	Unaudited Six months to 31 Jan 2021	Audited Year ended 31 July 2021
Note	£'000	£'000	£'000
Operating activities			
Profit for the period	793	777	2,356
Finance income	(1)	(6)	(11)
Finance expense	59	45	98
Depreciation	766	776	1,603
Profit on disposal of plant & equipment	-	-	(46)
Non-cash exceptional items	443	535	985
Other operating income	-	-	(440)
Amortisation of intangible assets	2,179	2,126	4,269
Share of result of equity accounted investees	297	104	434
Income tax charge	487	325	2,279
Share based payment charges	804	665	1,276
Operating cash inflow before changes in working capital	5,827	5,347	12,803
Movement in inventories	(25)	44	49
Movement in trade and other receivables	275	(967)	(4,796)
Movement in trade and other payables	(2,603)	(356)	2,784
Cash generated from operations	3,474	4,068	10,840
Interest received	1	4	7
Interest paid	-	-	(74)
Income tax paid	(566)	(436)	(1,417)
Net cash flow from operating activities	2,909	3,636	9,356
Investing activities			
Purchase of plant and equipment	(312)	(63)	(400)
Proceeds from disposal of plant and equipment	53	-	88
Acquisition of subsidiaries (net of cash acquired)	(2,033)	-	127
Payment of contingent consideration	11	-	(410)
Net cash flow used in investing activities	(2,550)	(63)	(595)
Financing activities			
Proceeds from the exercise of share options	16	14	27
Lease liability payments	(649)	(688)	(1,260)
Lease liability receipts	16	14	32
Net cash flow used in financing activities	(617)	(660)	(1,201)
Net increase/(decrease) in cash and cash equivalents	(258)	2,913	7,560
Exchange adjustments	(72)	(49)	(93)
Cash and cash equivalents at beginning of period	25,387	17,920	17,920
Cash and cash equivalents at end of period	25,057	20,784	25,387

Notes to the consolidated interim report For the six months ended 31 January 2022

1 Basis of preparation

The unaudited consolidated interim financial information has been prepared under the historical cost convention and in accordance with the recognition and measurement requirements of International Accounting Standard in conformity with Companies Act 2006 ("IFRS"). The condensed consolidated interim financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should therefore be read in conjunction with the Group's Annual Report for the year ended 31 July 2021, which has been prepared in accordance with IFRSs and is available on the Group's investor website.

The accounting policies used in the financial information are consistent with those used in the Group's consolidated financial statements as at and for the year ended 31 July 2021, as detailed on pages 59 to 67 of the Group's Annual Report and Financial Statements for the year ended 31 July 2021, a copy of which is available on the Group's website, <https://tracsis.com/investors>.

The comparative financial information contained in the condensed consolidated financial information in respect of the year ended 31 July 2021 has been extracted from the 2021 Financial Statements. Those financial statements have been reported on by Grant Thornton UK LLP, and delivered to the Registrar of Companies. The report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at the year ended 31 July 2021.

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 2021.

There have been no new accounting standards or changes to existing accounting standards applied for the first time from 1 August 2021 which have a material effect on these interim results. The Group has chosen not to early adopt any new standards or amendments to existing standards or interpretations.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this interim financial information. The Group is debt free and has substantial cash resources. At 31

January 2022 the Group had net cash and cash equivalents totalling £25.1m. The Board has considered future cash flow requirements taking into account reasonably possible changes in trading financial performance.

The condensed consolidated interim financial information was approved for issue on 7 April 2022.

2 Principal Risk and Uncertainties

The principal risks and uncertainties are consistent with the previous year. These risks and uncertainties are expected to be unchanged for the remainder of the financial year. Further details are provided on pages 20 to 24 of the Annual Report & Accounts for the year ended 31 July 2021. The Board considers risks on a periodic basis and has maintained the key risks as follows, on a Group wide basis:

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

3 Revenue and Segmental analysis

a) Revenue

Sales revenue is summarised below:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000	Year Ended 31 July 2021 £'000
Rail Technology & Services	11,665	12,057	26,424
Data, Analytics, Consultancy & Events	17,517	10,182	23,813
Total revenue	29,182	22,239	50,237

A geographical analysis of revenue is provided below:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000	Year ended 31 July 2021 £'000
United Kingdom	24,524	18,723	43,965
Ireland	4,088	3,198	5,449
Rest of Europe	218	140	338
North America	10	21	189
Rest of the World	342	157	296
Total	29,182	22,239	50,237

b) Segmental Analysis

The Group has divided its results into two segments being 'Rail Technology & Services' and 'Data, Analytics, Consultancy & Events'. 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 and event planning & traffic management, and data and 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 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 2022			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	11,665	17,517	-	29,182
Consolidated revenue	11,665	17,517	-	29,182
Profit or loss				
EBITDA for reportable segments	3,952	2,215	-	6,167
Amortisation of intangible assets	-	-	(2,179)	(2,179)
Depreciation	(342)	(424)	-	(766)
Exceptional Items (net)	-	-	(783)	(783)
Share-based payment charges	-	-	(804)	(804)
Share of result of equity accounted investees	-	-	(297)	(297)
Net interest payable	(17)	(24)	(17)	(58)
Consolidated profit before tax	3,593	1,767	(4,080)	1,280

Six months ended 31 January 2021

	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	12,057	10,182	-	22,239
Consolidated revenue	12,057	10,182	-	22,239
Profit or loss				
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)	-	-	(619)	(619)
Share-based payment charges	-	-	(665)	(665)
Share of result of equity accounted investees	-	-	(104)	(104)
Net interest payable	(21)	(18)	-	(39)
Consolidated profit before tax	3,414	1,202	(3,514)	1,102

Year ended 31 July 2021

	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	26,424	23,813	-	50,237
Consolidated revenue	26,424	23,813	-	50,237
Profit or loss				
EBITDA for reportable segments	9,059	3,919	-	12,978
Amortisation of intangible assets	-	-	(4,269)	(4,269)
Depreciation	(699)	(904)	-	(1,603)
Exceptional items (net)	-	-	(1,114)	(1,114)
Other operating income	-	-	440	440
Share-based payment charges	-	-	(1,276)	(1,276)
Net interest payable	(36)	(37)	(14)	(87)
Share of results of equity accounted investees	-	-	(434)	(434)
Consolidated profit before tax	8,324	2,978	(6,667)	4,635

	31 January 2022			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£'000	£000	£000	£000
Assets				
Total assets for reportable segments (exc. cash)	6,899	9,060	-	15,959
Intangible assets and investments	-	-	53,540	53,540
Deferred tax assets	-	-	701	701
Cash and cash equivalents	13,356	9,681	2,020	25,057
Consolidated total assets	20,255	18,741	56,261	95,257
Liabilities				
Total liabilities for reportable segments	(11,258)	(6,638)	-	(17,896)
Deferred tax	-	-	(8,402)	(8,402)
Contingent consideration	-	-	(9,071)	(9,071)
Deferred Consideration	-	-	(908)	(908)
Consolidated total liabilities	(11,258)	(6,638)	(18,381)	(36,277)

	31 January 2021			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£'000	£000	£000	£000
Assets				
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
Consolidated total assets	18,239	11,450	56,399	86,088
Liabilities				
Total liabilities for reportable segments	(11,836)	(4,123)	-	(15,959)
Deferred tax	-	-	(7,828)	(7,828)
Contingent consideration	-	-	(7,869)	(7,869)
Consolidated total liabilities	(11,836)	(4,123)	(15,697)	(31,656)

	31 July 2021			Total
	Rail Technology & Services £'000	Data, Analytics, Consultancy & Events £000	Unallocated £000	£000
Assets				
Total assets for reportable segments (exc. cash)	6,515	8,669	-	15,184
Intangible assets and investments	-	-	52,400	52,400
Deferred tax assets	-	-	551	551
Cash and cash equivalents	16,862	6,483	2,042	25,387
Consolidated total assets	23,377	15,152	54,993	93,522
Liabilities				
Total liabilities for reportable segments	(11,913)	(7,036)	(590)	(19,539)
Deferred tax	-	-	(8,517)	(8,517)
Contingent consideration	-	-	(7,909)	(7,909)
Deferred consideration	-	-	(892)	(892)
Consolidated total liabilities	(11,913)	(7,036)	(17,908)	(36,857)

4 Exceptional items

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000	Year ended 31 July 2021 £'000
Contingent consideration fair value adjustment	47	172	327
Unwind of discounting of contingent consideration	396	363	658
Legal and professional fees in respect of acquisitions ⁽¹⁾	340	84	129
Total	783	619	1,114

⁽¹⁾ Legal and professional fees incurred in relation to the acquisition of The Icon Group Limited, which completed on 3 November 2021 and costs incurred up to 31 January 2022 in the acquisition of RailComm LLC, which completed on 11 March 2022.

5 Finance Costs

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000	Year ended 31 July 2021 £'000
Interest on lease liabilities	36	38	74
Net foreign exchange loss	6	7	10
Unwind of discount of deferred consideration	17	-	14
Total	59	45	98

6 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2022 was based on the profit attributable to ordinary shareholders of £793,000 (Half Year to 31 January 2021: £777,000, Year ended 31 July 2021: £2,356,000) and a weighted average number of ordinary shares in issue of 29,397,000 (Half Year to 31 January 2021: 29,162,000, Year ended 31 July 2021: 29,229,000), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares

	Six months ended 31 January 2022	Six months ended 31 January 2021	Year ended 31 July 2021
Issued ordinary shares at start of period	29,332	29,122	29,122
Effect of shares issued related to business combinations	34	-	7
Effect of shares issued for cash	31	40	100
Weighted average number of shares at end of period	29,397	29,162	29,229

Diluted earnings per share

The calculation of diluted earnings per share for the Half Year to 31 January 2022 was based on the profit attributable to ordinary shareholders of £793,000 (Half Year to 31 January 2021: £777,000, Year ended 31 July 2021: £2,356,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 30,348,000 (Half Year to 31 January 2021: 30,148,000, Year ended 31 July 2021: 30,131,000).

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:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £'000	Year ended 31 July 2021 £'000
Profit attributable to ordinary shareholders	793	777	2,356
Amortisation of intangible assets	2,179	2,126	4,269
Share-based payment charges	804	665	1,276
Exceptional items (net)	783	619	1,114
Other operating income	-	-	(440)
Tax impact of adjusting items ⁽¹⁾	(516)	(562)	746
Adjusted profit for EPS purposes	4,043	3,625	9,321

Weighted average number of ordinary shares

In thousands of shares

For the purposes of calculating Basic earnings per share	29,397	29,162	29,229
Adjustment for the effects of all dilutive potential ordinary shares	951	986	902
For the purposes of calculating Diluted earnings per share	30,348	30,148	30,131
Basic adjusted earnings per share	13.75p	12.43p	31.89p
Diluted adjusted earnings per share	13.32p	12.02p	30.93p

⁽¹⁾ Tax impact of adjusting items totalling £562,000 has been included for H1 2021 to ensure consistency to the calculation of Adjusted profit for EPS purposes per the audited full year accounts to 31 July 2021 and the half year information prepared to 31 January 2022.

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 Events 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;
- Our Rail Technology and Services Division performs some significant software development projects, the specific timing of which can vary depending on commercial terms and customer requirements;
- Revenues from remote condition monitoring are also driven by the size and timing of significant orders received from major customers;
- 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.

8 Dividends

The Group remains committed to the progressive dividend policy that was adopted in 2012. In the first half of this financial year, we have seen a strong recovery in activity levels in those parts of the Group most impacted by Covid-19, and we have not utilised the UK Government's Coronavirus Job Retention Scheme. In this context the Board consider it appropriate to restore the progressive dividend policy. The Directors have declared an interim dividend of 0.9 pence per share which will be paid on 6 May 2022 to shareholders on the register at 19 April 2022.

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 2022	H1 2021	FY 2021	H1 2022	H1 2021	FY 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Nutshell Software Limited (1)	122	26	97	82	63	8
Vivacity Labs Limited (1)	163	174	439	14	37	-

	Sale of			Amounts owed by		
	goods and services			related parties		
	H1 2022	H1 2021	FY 2021	H1 2022	H1 2021	FY 2021
	£'000	£'000	£'000	£'000	£'000	£'000
WSP UK Limited (2)	1,013	1,368	3,112	183	-	1,045
Vivacity Labs Limited (1)	-	1	6	-	-	2
Nutshell Software Limited (1)	67	15	93	-	10	4

(1) 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.

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 result of equity accounted associates, are 'non cash' items and so are separately analysed in order 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 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 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:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £000	Year ended 31 July 2021 £000
Profit before tax	1,280	1,102	4,635
Net finance expense	58	39	87
Share-based payment charges	804	665	1,276
Exceptional items - net	783	619	1,114
Other operating income	-	-	(440)
Amortisation of intangible assets	2,179	2,126	4,269
Depreciation	766	776	1,603
Share of result of equity accounted investees	297	104	434
Adjusted EBITDA	6,167	5,431	12,978

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. This metric is used to show the underlying business performance of the Group from period to period in a consistent manner. The closest equivalent statutory measure is profit before tax. Adjusted profit can be reconciled to statutory profit before tax as set out below:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £000	Year ended 31 July 2021 £000
Profit before tax	1,280	1,102	4,635
Net finance expense	58	39	87
Share-based payment charges	804	665	1,276
Exceptional items – net	783	619	1,114
Other operating income	-	-	(440)
Amortisation of intangible assets	2,179	2,126	4,269
Share of result of equity accounted investees	297	104	434
Adjusted profit	5,401	4,655	11,375

Adjusted EBITDA reconciles to adjusted profit as set out below:

	Six months ended 31 January 2022 £'000	Six months ended 31 January 2021 £000	Year ended 31 July 2021 £000
Adjusted EBITDA	6,167	5,431	12,978
Depreciation	(766)	(776)	(1,603)
Adjusted profit	5,401	4,655	11,375

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 period for contingent consideration in relation to the Cash & Traffic Management Limited acquisition has ended in the half year and has been settled in full at the period end date. The fair value at 31 January 2022 is assessed at £560,000 for Compass Informatics Limited and £4,807,000 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 £2,713,000 at 31 January 2022. In November 2021 the Group acquired The Icon Group Limited. The Company has subsequently been re-branded as Icon GEO. Under the share purchase agreement in place for this acquisition contingent consideration is payable which is linked to the renewal of certain key contracts and revenue generation of the business over a 3 year period. The maximum amount payable is €1,750,000. The fair value of the amount payable was assessed at £991,000 at 31 January 2022.

The movement on contingent consideration can be summarised as follows:

31 January 2022	31 January 2021	31 July 2021
----------------------------	--------------------	-----------------

	£000	£000	£000
At the start of the year	7,909	7,334	7,334
Arising on acquisition	977	-	-
Cash payment	(258)	-	(410)
Fair value adjustment to Statement of Comprehensive Income	47	172	327
Unwind of discounting	396	363	658
At the end of the period	9,071	7,869	7,909

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

	31 January 2022 £000	31 January 2021 £000	31 July 2021 £000
Payable in less than one year	4,556	1,653	4,689
Payable in more than one year	4,515	6,216	3,220
Total	9,071	7,869	7,909

12 Acquisition

On 3 November 2021 the Group acquired the entire issued share capital of Icon Group Limited. Icon Group is an interdisciplinary geoscience company specialising in Earth Observation (EO), Geographical Information System (GIS) and spatial data analytics. Icon Group has several long-term repeat contracts.

For the year ended 31 December 2020, Icon Group generated revenue of £2.8m, Profit before Tax of £0.8m, and had net assets of £2.9m. The business is debt free and has a history of stable organic growth.

The acquisition consideration comprised an initial cash payment of £1.9m, a further cash payment to reflect the net current asset position of the business (above a working capital hurdle) on completion totalling £1.9m and the issue of 68,762 new ordinary shares in Tracsis plc to a value of £0.6m. Additional contingent consideration of up to £1.5m is payable, further detail is provided in note 11.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre acquisition carrying amount €000	Fair value adjustments €000	Recognised value on acquisition €000	Recognised value on acquisition €000
Tangible assets: Customer relationships	-	2,367	2,367	2,007
Tangible fixed assets	15	-	15	12
Cash and cash equivalents	2,070	-	2,070	1,755
Trade and other receivables	994	-	994	843
Trade and other payables	(488)	-	(488)	(417)
Deferred tax asset/(liability)	-	(296)	(296)	(251)
Net identified assets and liabilities	2,591	2,071	4,662	3,949
Intangible assets: Goodwill	-	1,686	1,686	1,452
	2,591	3,757	6,348	5,401

	Recognised value on acquisition	Recognised value on acquisition
	€000	£000
Consideration paid in cash	4,445	3,788
Consideration paid: fair value of shares	750	636
Fair value of contingent consideration payable	1,153	977
Total consideration	6,348	5,401

The fair values above were provisional and arise in accordance with the requirements of IFRSs to recognise intangible assets acquired.

13 Events after the Balance Sheet date

On 11 March 2022 the Group acquired RailComm LLC, a North American based rail technology software and services provider. Headquartered in Fairport, New York and established in 1999, RailComm provides 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. The business has good levels of annual recurring software revenues in addition to large project delivery/systems integration work.

The acquisition is in line with Tracsis' strategy of extending its rail software footprint and expanding the addressable markets for its products and services. In addition to the significant growth opportunities that exist within RailComm's core rail markets, the acquisition provides the Group direct access to a long-established sales network into a significant number of rail clients in the North America market.

The acquisition consideration comprised an initial cash payment of \$11.5m (£8.8m). Additional contingent consideration of up to \$2.7m (£2.1m) is payable subject to RailComm achieving certain financial targets in the first full year post acquisition. This cash will be held in escrow through that period. A formal valuation exercise has not yet been completed due to the timing of the acquisition.

Further information for Shareholders

Company number: 05019106

Registered office: Nexus
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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)
James Routh (Non-Executive Director)

Company Secretary: Andrew Kelly