

# Preliminary Results Presentation

Tracsis plc  
Year Ended 31 July 2024



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**Chris Barnes**  
CEO



**Andy Kelly**  
CFO

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**Appendix Materials**

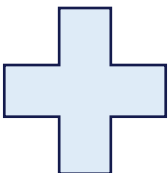
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# Our purpose is 'Making Transport Work'

Software and Hardware Solutions  
(High levels of annual recurring revenue)

Rail Technology & Services

How we create value



Professional Services / Data Science  
(High levels of annual repeat revenue)

Data, Analytics, Consultancy and Events

How we create value





The background of the slide is a photograph of a gym. In the foreground, there is a row of treadmills with black and yellow running surfaces. In the background, there are various pieces of gym equipment, including what looks like a squat rack or similar metal frame. A large, semi-transparent blue circle is overlaid on the left side of the image, containing the text.

# **FY 2024 Highlights**

# Significant operational progress and recurring revenue growth

10% increase in  
recurring  
revenues



New senior  
leadership team  
established



Operating model  
transformation



Rail software  
pipeline up  
200%



New North American  
dispatch product  
launched



Continued  
commitment to  
sustainability



Strong cash flow and balance sheet (no debt)





# Market Update



# Structural changes to UK rail expected to benefit Tracsis

Our portfolio of Rail Technology products and services is well aligned with the Labour government’s ‘UK Plan for Rail’. Legislative change is expected to be confirmed in the coming months

UK Strategic Rail Expected Outcome	Benefits to Tracsis
All train operators moved into public ownership when current franchises expire	Will result in faster decision making and more certainty for technology investments
Great British Railways will be created and will jointly manage infrastructure and rail services  £43.1bn of funding allocated for Control Period 7 (April 2024 – March 2029)	Key operational areas of focus will be in areas of dynamic timetabling, train crew management, improving asset availability and on time performance whilst delivering highest safety levels (i.e. no lives lost). All of which are core Tracsis product capabilities
Digital ticketing, with a focus on PAYG, best value fare guarantees and automated delay repay	Tracsis are the leading UK provider of PAYG smart ticketing and automated delay repay solutions so are well placed to benefit from a clear national strategy
Increasing influence of devolved transport authorities and regional decision making	Many recent Tracsis contract wins have been with devolved authorities where we have strong relationships Tracsis will benefit from its national Network Rail contracts for RailHub and Remote Condition Monitoring



# North American rail market actively looking for new entrants

Expanding our Train Dispatch software footprint with Commuter Rail and Shortline Freight operators is our key focus for growth whilst pivoting to a recurring revenue model

## Class 1 Freight Railroads



**6** operators, owning their own infrastructure and locomotives. Large in-house capability

## Shortline Freight Operators



**603** shortlines connecting industrials/ports with the US, Canadian and Mexican freight network

## Commuter Railroads



**36** commuter rail companies, often running on Class 1 infrastructure and therefore under FRA\* jurisdiction

## Transit Agencies



**23** subway/metro providers operating light and heavy rail in large US cities

Reliant on external supplier expertise

## Why is North America such an exciting growth opportunity for Tracsis?

- A large rail market looking for new technology entrants to displace poor performing incumbents. Large software growth opportunity
- Tracsis are one of the leading providers of Train Dispatch software and has a fast-growing pipeline of freight and passenger opportunities
- **Tracsis has a unique mid-market technology proposition**

\* The Federal Railroad Association enforces rail safety regulation on behalf of the US federal government



A person with a backpack is standing on a train platform, looking at a blurred train passing by. The scene is captured with a motion blur effect, suggesting the train is moving quickly. The person is wearing a light-colored coat and a dark backpack. The background is a blurred train track with yellow safety lines.

# **FY 2024 Financial Review**

# Financial performance in line with revised guidance

£'000	FY 24	FY 23	Variance
Revenue	81,022	82,023	(1%)
Adjusted EBITDA *	12,759	15,952	(20%)
Adjusted EBITDA %	16%	19%	(3% pts)
Adjusted Profit +	10,388	13,842	(25%)

## Statutory Measures

Operating Profit	967	7,255	(87%)
Profit Before Tax	995	7,136	(86%)

- **Margin reflects H2 trading headwinds**
  - Q4 trading impacted by timing of UK General Election and lower than expected conversion of North American Yard Automation pipeline
  - From FY25, strategic decision made to no longer pursue certain lower margin, non-core activities
- **Progress in drivers of underlying growth**
  - c£4m non-repeat revenue in prior period, as anticipated
  - 10% growth in Rail Technology and Services recurring & repeat revenue
  - Record revenue in Traffic Data & Events
- **Transformation actions completed**
  - Statutory profit includes £3.0m of exceptional costs

\* Earnings before net finance expense, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges.

+ Earnings before net finance expense, tax, amortisation, exceptional items, other operating income and share based payment charges.

13 June 2024 trading update noted FY24 revenue range between £80m and £82m and FY24 adjusted EBITDA\* margin slightly higher than the 15.5% delivered in H1 24.

# Strong growth in Rail Technology revenue in the UK

## Rail Technology & Services

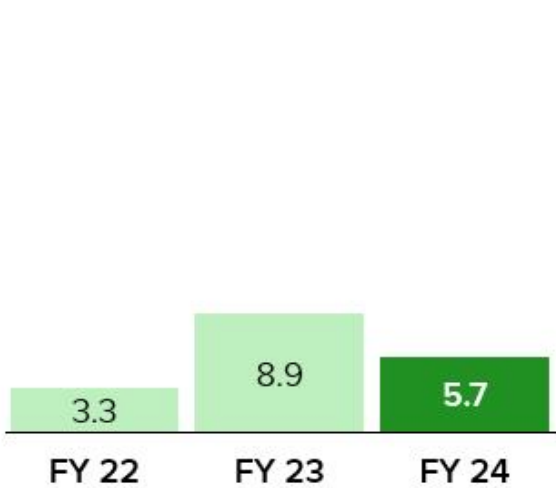
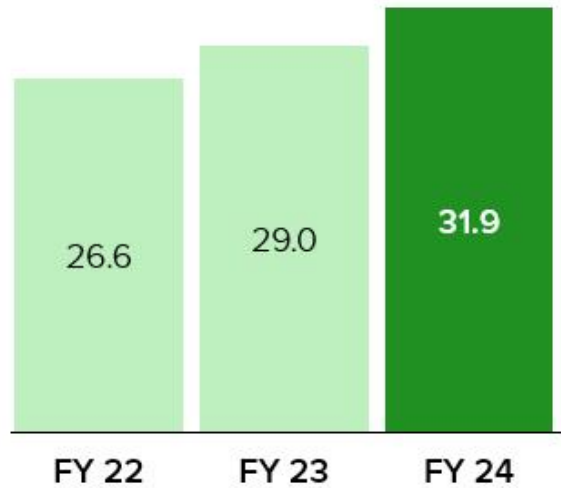
£'000	FY 24	FY 23	Variance
Revenue	37,608	37,862	(1%)
Adjusted EBITDA *	9,823	10,373	(5%)
Adjusted EBITDA %	26%	27%	(1% pts)

- Recurring and repeat revenue<sup>1</sup> increased 10% to £25.5m
- £2m of non-repeat licence revenue in prior period as anticipated
- North America revenue headwind from conversion of 'new logo' yard automation contracts
- Investment to enhance delivery model
- Pipeline has increased by 200% in past 12 months

\* Earnings before net finance expense, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges.

<sup>1</sup> Includes recurring software licence revenue and annually repeating hardware revenue from framework agreements

## Revenue (£m)



Rail Technology & Services Division revenue CAGR: 12%



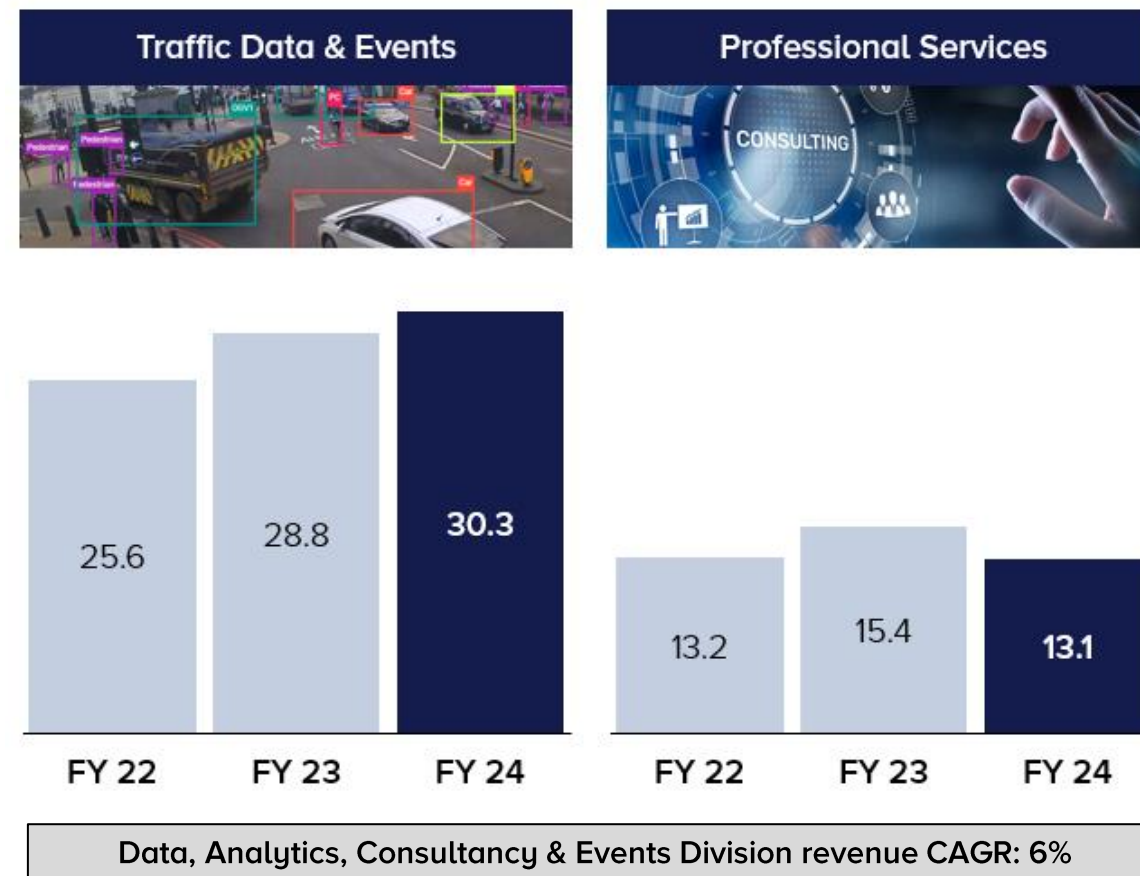
# Margin impacted by non-strategic activities, now exited

## Data, Analytics, Consultancy & Events

£'000	FY 24	FY 23	Variance
Revenue	43,414	44,161	(2%)
Adjusted EBITDA *	2,936	5,579	(47%)
Adjusted EBITDA %	7%	13%	(6% pts)

- High activity levels in Traffic Data & Events, despite General Election impact in Q4
- c.£2m non-repeat Data Analytics/GIS revenue as anticipated
- H2 margin deterioration in Transport Consultancy business – now restructured
- Key FY25 contract wins/renewals already secured

## Revenue (£m)



\* Earnings before net finance expense, tax, depreciation, amortisation, exceptional items, other operating income and share-based payment charges.

<sup>1</sup> Includes recurring software licence revenue, annually repeating revenue from multi-year agreements, and annually repeating revenue from fixed venue contracts in Events

# Strong cash position supports ongoing investment

£'m	FY 24	FY 23
Adjusted EBITDA	12.8	16.0
Increase in working capital	(0.5)	(2.7)
Interest and tax paid	(1.5)	(2.0)
Acquisitions and Earnouts	(0.3)	(9.6)
Exceptional costs	(2.3)	-
Capex	(1.2)	(1.5)
Development costs	(0.5)	(0.3)
Net cashflow used in financing activities	(2.1)	(2.0)
FX and other	0.1	0.2
<b>Net Increase / (Decrease) in Cash</b>	<b>4.5</b>	<b>(1.9)</b>
<b>Cash</b>	<b>19.8</b>	<b>15.3</b>

- Working capital movements reflect trading patterns and impact of UK General Election on Q4 revenue
- £2.3m exceptional cash costs to deliver transformation activities
  - Remaining £0.4m cash outflows in FY25
- Capex investment to support groupwide IT operating environment and vehicle fleet replacement cycle
- R&D investment for rail technology product development, including Hopsta Smart Ticketing app and Digital Track Warrant in North America
- Closing cash position of £19.8m with no debt ensures business is well positioned for growth
  - All material earn-outs have now been paid
- Dedicated senior leader appointed to lead investment in M&A and R&D and drive our capital allocation strategy





# Operating Model Transformed



# We have transformed our operating model (1 of 3)

## Drivers for Change

1

**Delivered strong revenue growth over past 5 years but margins have declined**

2

**Multiple technology stacks with no consistent approach to product development and delivery**

## Actions Implemented

- Fundamental changes to global operating model to support faster SaaS delivery and expansion
  - New groupwide IT service management team to deliver faster response times
  - Poor performing activities exited alongside removal of duplicated senior management roles (net decrease of c.50 heads from FY24 actions)
- 
- Embedding common processes under leadership of newly appointed Chief Technology Officer
  - Head of platforms appointed to drive consolidation of groupwide technology stack
  - Moving from customisation to configuration to accelerate 'time to market' and modular pricing
  - Invested to upskill program delivery capabilities

# We have transformed our operating model (2 of 3)

## Drivers for Change

3

**Inconsistent go-to-market approach,  
overly reliant on UK market**

## Actions Implemented

- Investment in experienced sales teams in UK and North America
- Significant growth in software pipeline across both markets
- Consolidation of Rail Technology activities under the Tracsis brand is underway
- Focus on international application for next generation products, and on growing ARR across all sectors

4

**Multiple operating systems and  
inconsistent management information**

- Invested in implementation of new systems including groupwide finance and HR systems
- Significant investment in information/cyber security to meet Network and Information Systems (NIS) regulations
- Change Advisory Board established (ITIL standards) to approve all technology decisions

# We have transformed our operating model (3 of 3)

## Drivers for Change



## Actions Implemented

- Group restructured into four verticals and transitioning to an integrated rail technology global delivery model alongside office consolidation
- New senior leaders appointed to drive groupwide approach for platform selection, software development, test/QA and delivery based on industry best practice

£3.0m of exceptional costs were taken in FY24 to facilitate these changes



# Our growth path to 2030 consists of three stages

Today

## 2 Scale

- Organic growth (focused on UK and North America Rail)
- Increasing levels of Annual Recurring Revenue
- Fully integrated global product delivery model
- R&D investment in 'next generation' products to enable us to enter new growth rail technology markets
- M&A to add new software products and/or new geographies

3

## Margin Accretion

- Accelerated product revenue growth and ARR
- Portfolio focused on application software built around common technology architectures
- Utilising offshore development capabilities

## 1 Transform

- Integration / OneTracsis
- Simplified Operating Model
- Investment in talent and capability at all levels

2022

2030



The background of the slide is a photograph of a gym. In the foreground, there is a row of treadmills with black and yellow handrails. The treadmills are slightly out of focus. In the background, there are more gym equipment, including what looks like a squat rack or a similar metal frame. A large, semi-transparent blue circle is overlaid on the left side of the image, containing the text.

# **Contract Wins / Pipeline Growth**

# TRACS Enterprise goes live with first Intercity Operator



Third major UK Train Operator implementation completed



Train and Resource Planning, Optimisation and Control



High availability cloud hosted SaaS solution



# New Train Dispatch product goes live in North America



Positive Train Control (PTC) variant  
now in production



A commuter rail company is  
first adopter



Growing pipeline of multi-year  
opportunities

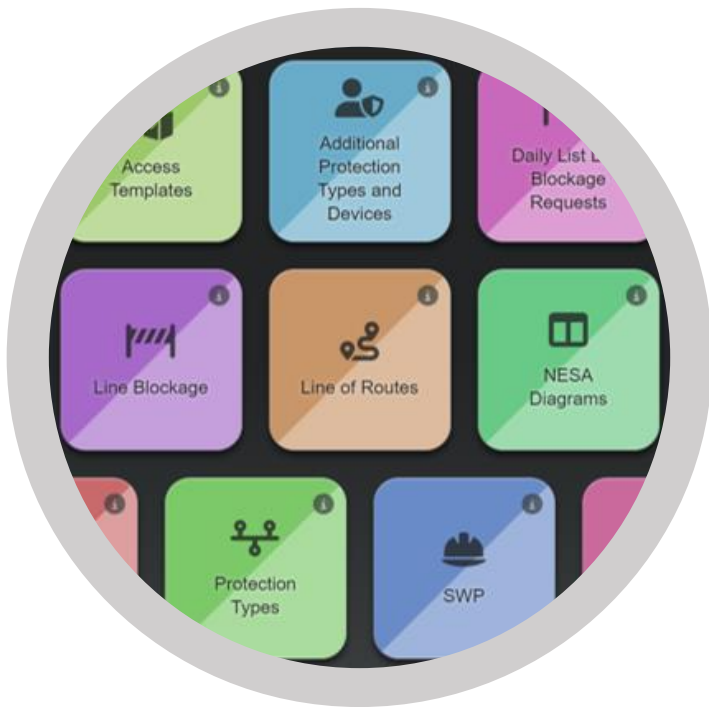
# Zero lives lost since introduction of RailHub across UK



Access Register launched to  
22,500 users in Q1 2024

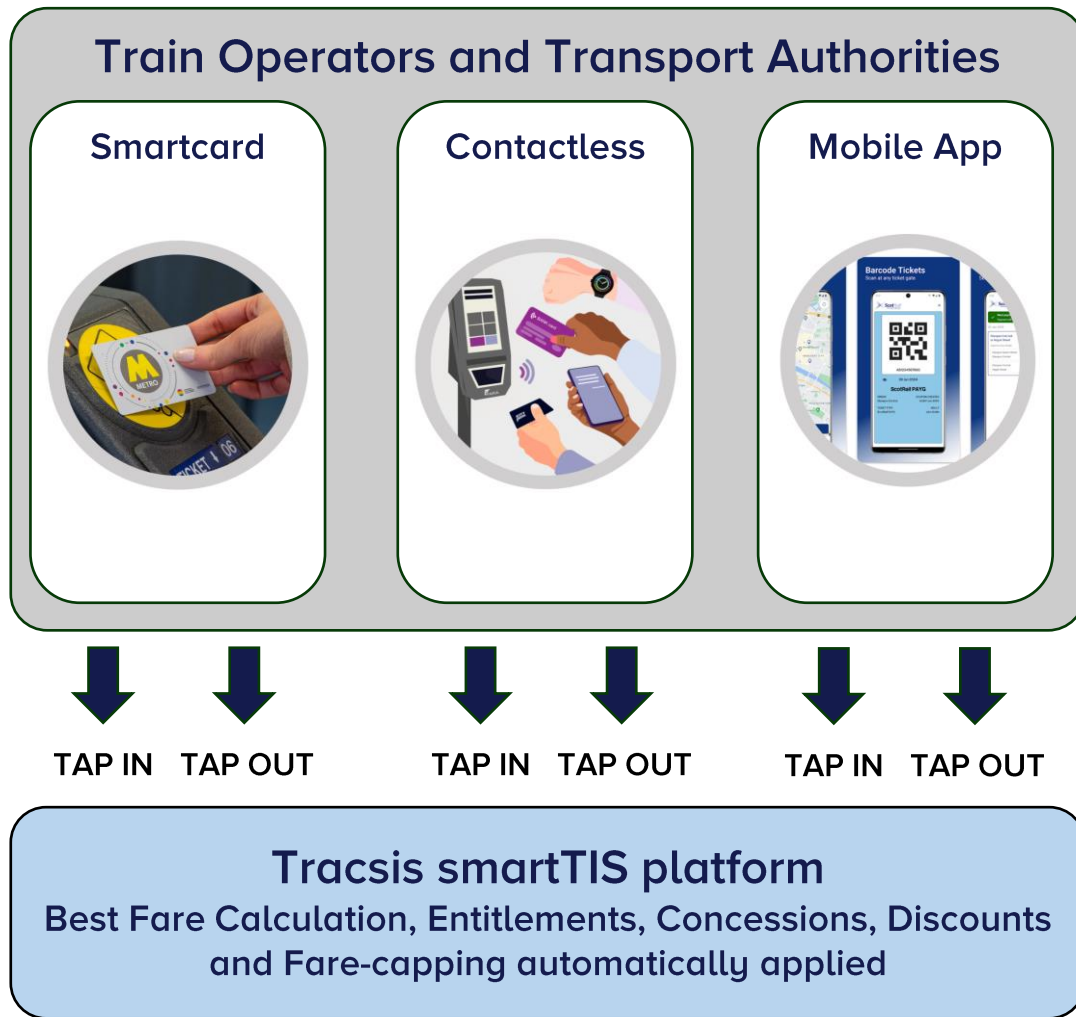


Product roadmap for CP7  
(2024-29) confirmed



New Access Planning System  
will go live in 2026

# We are the leading UK rail provider of PAYG smart ticketing



**BEST  
AVAILABLE  
RAIL FARE &  
AUTOMATED  
DELAY REPAY**





# Contactless PAYG ticketing implemented across South Wales



First UK train operator outside of TfL to deploy contactless ticketing



smartTIS and smartREPAY integrated together



95 stations across South Wales Metro initially have access to PAYG



# Data Innovation Product of Year Awarded to Tracsis



Geospatial and earth observation technologies



Machine learning algorithms identify pattern recognition



Monitors c.46,000 km<sup>2</sup> of land usage across Ireland

# Renewals and new contracts secured for large events



Multiple new contracts renewed for large UK events



New large fixed venue contracts secured



Data and insights approach across UK transportation



# Looking Forward

A person with dark hair, wearing a tan coat and a dark backpack, stands with their back to the camera on a train platform. They are looking at a high-speed train that is blurred due to motion. The train has a green and white upper section and a brown lower section. The platform has a yellow tactile paving strip. A large dark blue circle is overlaid on the left side of the image, containing the text 'Looking Forward'.

# Our growth strategy has clearly defined FY25 outcomes



## Maximise Existing Product Footprint

### FY25 Priorities:

- Conversion of large Train Dispatch pipeline in North America
- Growth of PAYG smart ticketing market share in UK
- Expansion of RailHub functionality with Network Rail
- TRACS Enterprise go-lives (2 TOCs) and UK pipeline conversion



## Expand into New Markets

### FY25 Priorities:

- Accelerate R&D investment in 'next generation' products with faster time to market
- Explore opportunities to access new transportation markets and expand AI and data capabilities



## Enhance Growth Through Acquisition

### FY25 Priorities:

- Appoint dedicated M&A senior leader
- Expand M&A pipeline with a focus on UK, North America and Europe rail markets
- Complete at least one further acquisition – targeting established, profitable technology businesses with proven leadership



## Operate as OneTracsis

### FY25 Priorities:

- Full consolidation of Rail Technology activities under the Tracsis brand
- Implement global delivery model to drive faster to market SaaS delivery
- Embedded high performance culture
- Deliver carbon reduction plan targets



# Well positioned to deliver long-term, sustainable growth

## 1 Transformation of Group's operating model complete

- Organisational structure simplified and streamlined with under-performing activities discontinued
- Investment in upskilling commercial, technical and delivery capabilities completed
- Global operating model focused on delivering 'fast to market' application software solutions

## 2 Short term headwinds in the UK will need to be carefully managed

- Control Period 7 funding pressures from Network Rail expected to impact FY25 Remote Condition Monitoring hardware activities
- Increases in employer national insurance and minimum wage will add cost from April 2025; expected to impact FY25 EBITDA directly by c.£0.5m

## 3 Structural growth drivers remain attractive across the rail industry

- Long term tailwinds in UK and North America as transportation industry adopts digital solutions
- Tracsis value proposition well aligned with expected UK rail legislative changes in 2025
- Pipeline of multi-year software opportunities has grown by 200% in past 12 months
- Increasing interest in the role that AI and big data can play in improving rail industry performance

# Appendix

A person wearing a red beanie and a brown jacket is seen from behind, carrying a camera. They are standing in an airport terminal, with flight information screens and a clock visible in the background. A large dark blue circle is overlaid on the left side of the image, containing the word "Appendix" in white text.



# Board of Directors



**Jill Easterbrook**  
Independent  
Non-Executive Chair



**Chris Barnes**  
Chief Executive Officer



**Andy Kelly**  
Chief Financial Officer



**Dr James Routh**  
Senior Independent  
Non-Executive Director



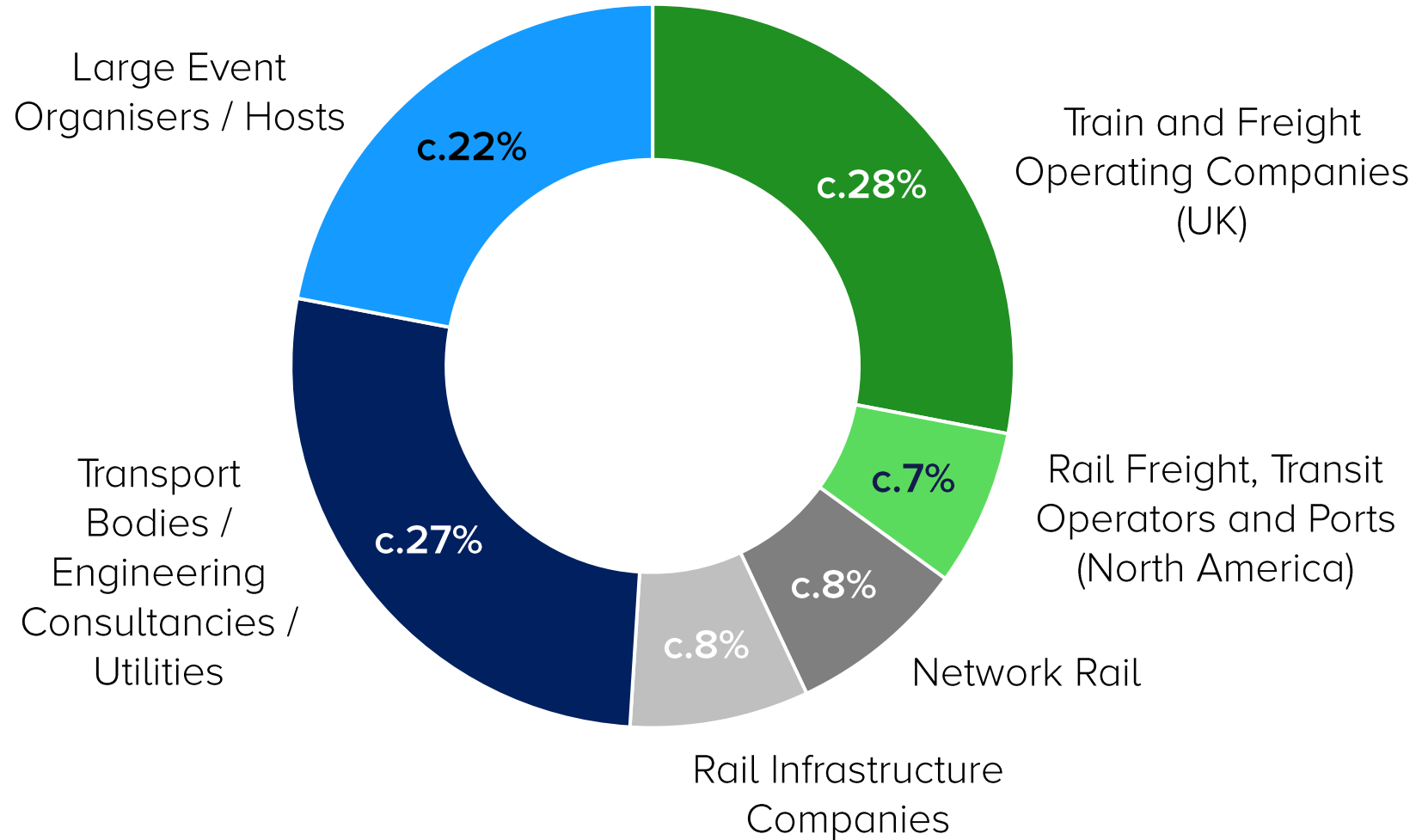
**Tracy Sheedy**  
Independent  
Non-Executive Director



**Ross Paterson**  
Independent  
Non-Executive Director



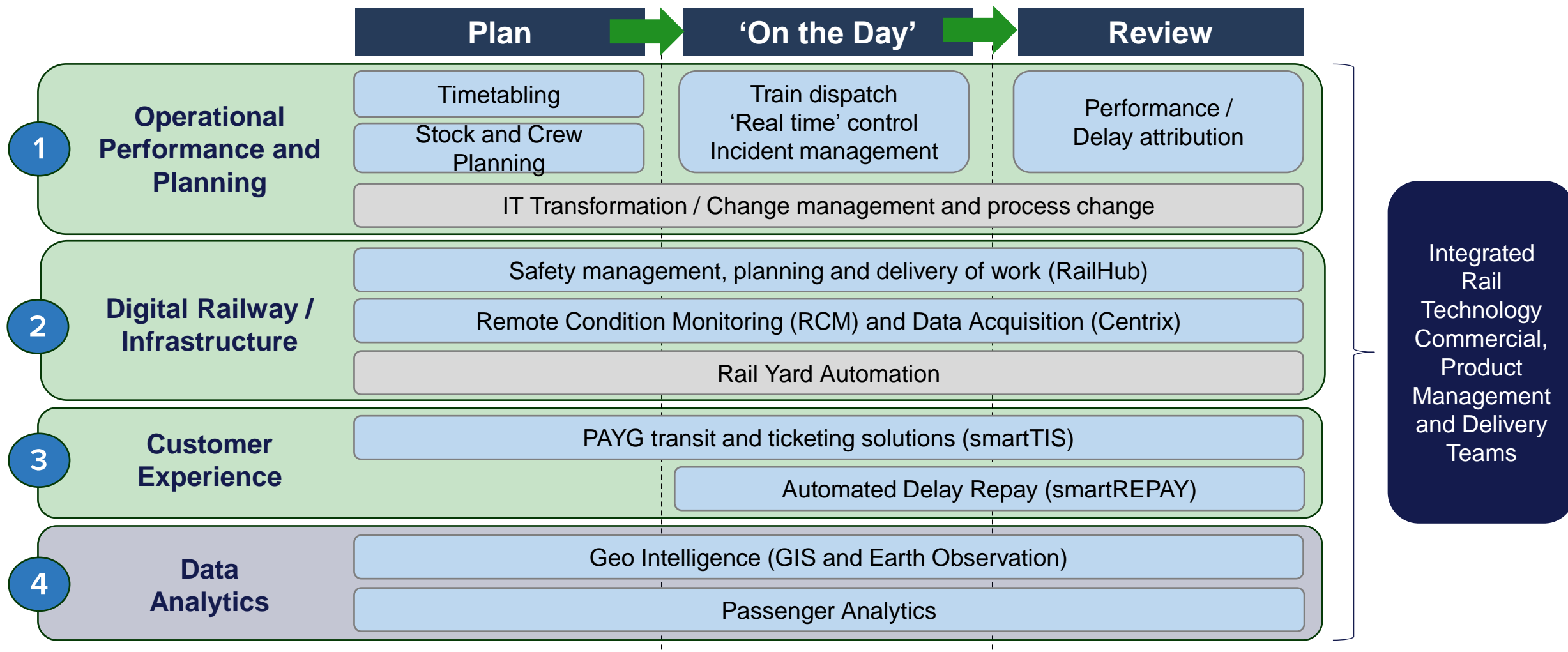
# A diversified portfolio of long-term blue-chip customers



# Tracsis investment case

- 1 Strong market fundamentals with clear drivers of growth
- 2 High value, well-differentiated market leading products and services
- 3 Multiple organic growth vectors
- 4 Strong balance sheet
- 5 Growing pipeline of M&A opportunities
- 6 A resilient business model with long-term customer relationships

# We have re-focused our rail products/services portfolio





# 5-year income statement

£'000	2019-20		2020-21		2021-22		2022-23		2023-24	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Revenue	26,365	21,633	22,239	27,998	29,182	39,541	39,213	42,810	36,582	44,440
Adjusted EBITDA *	5,586	4,877	5,431	7,547	6,167	7,994	7,464	8,488	5,674	7,085
Operating Profit	2,611	1,812	1,608	3,548	1,635	1,620	2,380	4,875	(308)	1,275
Profit Before Tax	2,419	1,692	1,102	3,533	1,280	1,278	2,256	4,880	(268)	1,263

\* Earnings before net finance expense, tax, depreciation, amortisation, share-based payments, exceptional items, other operating income and share of result of equity accounted investees.

# 5-year balance sheet

£'000	Jan-20	Jul-20	Jan-21	Jul-21	Jan-22	Jul-22	Jan-23	Jul-23	Jan-24	Jul-24
Property, Plant & Equipment	3,564	3,581	3,312	3,540	3,767	4,897	4,585	4,789	5,104	4,992
Intangible Assets / Investments	38,678	55,465	53,236	52,400	53,540	63,548	63,071	57,694	55,242	52,610
	42,242	59,046	56,548	55,940	57,307	68,445	67,656	62,483	60,346	57,602
Inventories	384	430	386	381	406	1,090	1,234	1,465	1,461	1,512
Trade & Other Receivables	8,452	6,382	7,335	11,263	11,786	18,454	17,874	20,999	15,214	22,547
Cash <sup>1</sup>	26,045	17,920	20,784	25,387	25,057	17,187	16,991	15,307	16,755	19,773
	34,881	24,732	28,505	37,031	37,249	36,731	36,099	37,771	33,430	43,832
<b>Total Assets</b>	<b>77,123</b>	<b>83,778</b>	<b>85,053</b>	<b>92,971</b>	<b>94,556</b>	<b>105,176</b>	<b>103,755</b>	<b>100,254</b>	<b>93,776</b>	<b>101,434</b>
Deferred Tax (net)	(4,957)	(7,357)	(6,793)	(7,966)	(7,701)	(7,942)	(9,664)	(6,511)	(6,243)	(5,756)
Contingent & Deferred Consideration	(6,126)	(7,334)	(7,869)	(8,801)	(9,979)	(9,926)	(9,557)	(447)	(459)	(151)
Trade & Other Payables	(14,949)	(15,623)	(15,068)	(19,066)	(16,984)	(26,859)	(21,196)	(25,525)	(19,085)	(27,358)
Current Tax	(793)	(439)	(891)	(473)	(912)	-	-	-	(126)	-
<b>Total Liabilities</b>	<b>(26,825)</b>	<b>(30,753)</b>	<b>(30,621)</b>	<b>(36,306)</b>	<b>(35,576)</b>	<b>(44,727)</b>	<b>(40,417)</b>	<b>(32,483)</b>	<b>(25,913)</b>	<b>(33,265)</b>
<b>NET ASSETS</b>	<b>50,298</b>	<b>53,025</b>	<b>54,432</b>	<b>56,665</b>	<b>58,980</b>	<b>60,449</b>	<b>63,338</b>	<b>67,771</b>	<b>67,863</b>	<b>68,169</b>

<sup>1</sup> Cash and cash equivalents, and cash in escrow

# List of significant shareholders

Holder	% Held
Investec Wealth & Investment	8.7%
Charles Stanley	8.0%
Schroder Investment Management	6.0%
Unicorn Asset Management	5.9%
Rathbones	5.5%
BGF	3.7%
Canaccord Genuity Wealth Management	3.5%
Martin Currie Investment Management	2.5%
Amati Global Investors	2.5%
Downing	2.4%

*As of 31 October 2024, there were 30,352,255 shares in issue  
As of 31 October 2024, 0.18% of the shares are not in public hands*