7 May 2020

Trainline plc
Results for the year ended 29 February 2020

A strong financial performance ahead of expectations and delivery against strategic priorities; actions taken to navigate COVID-19 downturn and position business for long term growth

FY 2020 summary financial highlights:

£m unless otherwise stated:	FY 2020	FY 2019	Variance
Net ticket sales	3,727	3,194	+17%
Revenue	261	210	+24%
Adjusted EBITDA(1)	85	53	+62%
Operating profit	2	11	(78)%
Adjusted basic earnings per share(2)	8.1p	2.4p	+5.6p
Basic earnings per share	(17.7)p	(3.3)p	(14.4)p
Operating free cashflow(3)	59	42	+39%
Net debt / Adj. EBITDA(4)	0.8x	3.7x	

FY 2020 results summary:

- Net ticket sales up 17% to £3.7 billion in line with guidance, reflecting increased mobile demand from greater eticket adoption in UK and strong customer acquisition in International
- Revenue increased 24% to £261 million at top end of guidance, benefiting from net ticket sales growth, revenue optimisation and the launch of new ancillary revenue streams
- Adjusted EBITDA up 62% to £85 million driven by volume growth and the operating leverage achieved across our cost base
- Operating profit of £2 million and loss after of tax of £81 million, primarily driven by exceptional costs relating to the IPO
- Operating free cashflow of £59 million driven by strong adjusted EBITDA performance and reduced capital expenditure
- Leverage reduced to 0.8x adjusted EBITDA, benefiting from primary proceeds from the IPO and strong cashflow generation
- Good progress against strategic priorities:
    - *Enhancing customer experience:* Strong conversion growth in both UK Consumer and International; launched SplitSave in app, a split-ticketing feature
    - *Building demand:* Monthly visits up 19% to c.90 million; share of mobile transactions up 10% points to 76%
    - *Optimising revenue:* Take-rate increased c.40bps in UK Consumer and c.110bps in International, driven by new ancillary revenues
    - *Growing Trainline for Business (T4B):* First clients now live on Global API platform; retained both franchises that have come up for renewal for our white label retailing service since IPO, the West Coast franchise and East Midlands

Notes:

(1) Adjusted EBITDA excludes share based payment charges and exceptional items
(2) Adjusted basic earnings per share adjusts for the exceptional one-off costs in the period, amortisation of acquired intangibles and share based payment charges together with the tax impact of these items
(3) Operating free cash flow is cash generated from operating activities adding back cash exceptional items, excluding non-cash impairments, and deducting purchase of property, plant and equipment excluding those acquired through business combinations or trade and asset purchases
(4) Net debt/EBITDA is gross debt less cash and cash equivalents divided by LTM adjusted EBITDA

Impact of COVID-19 and outlook for FY 2021:

- Significant impact on trading in Q1 FY2021 to date as a result of COVID-19 lockdown, with UK and European passenger volumes currently down >95%
- Confident Trainline can navigate even an extended downturn if necessary given significant liquidity headroom and mitigating actions taken, whilst maintaining investment in the Group's strategic priorities to drive long term growth
- As previously disclosed, c.£150 million liquidity headroom expected as at end of May, with monthly cash outflow from operating costs and capex reduced to c.£8-9 million
- Group will update on guidance for FY 2021 once visibility improves

Clare Gilmartin, CEO of Trainline said:

"We are pleased to have delivered a strong performance over this past year, in particular to have exceeded expectations set at IPO for FY20 Revenue growth and EBITDA. We have also made significant progress against our strategic priorities.

"In recent weeks we have seen disruption to our business due to COVID-19, and are grateful to our frontline staff in particular for helping our customers over this period. We remain confident that the long-term growth opportunity for our business remains unchanged, and are committed to our long term growth plans."

Presentation of results

There will be a live webcast presentation and conference call of the results to analysts and investors at 9:00 AM GMT today (7th May 2020). Please register to participate at the Company's investor website: https://investors.thetrainline.com/investors/results-reports-and-presentations/fy-2020-results

If participants want to ask a question over the phone or are unable to connect via the web, they can dial into the telephone conference call using the details below.

1. Call the appropriate participant dial-in number listed below.
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Forward looking statements and other important information

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This document contains forward looking statements, which are statements that are not historical facts and that reflect Trainline's beliefs and expectations with respect to future events and financial and operational performance. These forward looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the control of Trainline and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. Nothing contained within this document is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of Trainline or its business. Any historical information contained in this statistical information is not indicative of future performance. The information contained in this document speaks only as at the date of this document and Trainline expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this document.

IMPACT OF COVID-19 AND OUR RESPONSE

The COVID-19 pandemic has significantly impacted the rail and coach industries across our markets. Since the end of February 2020, governments in the UK and the rest of Europe have introduced far-reaching social distancing measures and lockdowns to curb the spread of the COVID-19, while rail and coach operators have significantly reduced service timetables. These measures have resulted in a clear slowdown in all the markets in which we operate. Industry passenger volumes in the UK were down more than 95% year on year in April 2020, with similar demand shocks across each of our International markets.

During the pandemic, we have prioritised the safety and wellbeing of our people and supporting our customers in making changes to their travel plans and processing refunds. We have managed unprecedented levels of inbound customer service requests and improved our customer self-serve functionality – introducing simple, automated change and refund processes in our app and website – while also working with the rail industry to relax refund terms and conditions.

Given the significant fall in industry passenger numbers, we have taken quick and decisive measures to reduce operating costs and cash outflows. Our mitigating actions include pausing marketing and other discretionary spend, introducing a recruitment freeze, and deferring FY 2020 bonus payments and pay reviews for staff.

In addition, our CEO has voluntarily taken a 50% salary reduction for the foreseeable future, while the Board of Directors and Management Team have taken a 20% reduction in their Board fees and salaries respectively. The Executive Directors and Management Team will defer their annual bonus for FY 2020 and we have furloughed certain teams under the Government's Coronavirus Job Retention Scheme (CJRS).

We are maintaining our investment in our Tech and Product teams to drive the Group's strategic priorities to enable long term growth and create value for our customers and shareholders, including the development of innovative new products and services for our customers.

As a result of the actions we have taken across the Group, Trainline's cash outflow from operating costs and capital expenditure has reduced to c.£8-9 million per month.

OUTLOOK FOR FY 2021

Significant uncertainty remains around when COVID-19 related restrictions will be lifted in our markets as well as what the macroeconomic recovery will look like thereafter. Until visibility improves, we will not provide specific guidance for FY 2021.

However, we remain confident that we can operate through an extended downturn period if required. We expect Trainline's liquidity headroom to be c.£150 million at the end of May 2020. By this time, the Group expects to have fully completed the working capital outflow arising from settling pre-existing bookings to train and coach operators as well as processing refunds to customers.

Given the expected monthly cash outflow from operating costs and capital expenditure of c.£8-9 million (see above), the Group has sufficient liquidity to operate for the foreseeable future even with no revenue generation or further cost mitigation.

Longer term, we continue to see the same structural tailwinds for the business, while in the shorter term, we expect COVID-19 to encourage a faster shift to digital ticketing as train users are less willing to use ticket machines or queue at the station. Similarly, ongoing social distancing requirements will increase the need for clear and accurate, on-the-go travel information. We also expect customers to be very value conscious and SplitSave will be an important feature for customers looking for the cheapest rail fares available. Against that backdrop, we remain resolutely focused on supporting our customers through these difficult times.

FY 2020 PERFORMANCE REVIEW

Group Overview:

Net ticket sales increased 17% to £3.7 billion in line with guidance expectations (of high-teens percentage rate growth). Revenue increased 24% to £261 million, at the top end of already improved guidance expectations of growth in the low to mid-20% range.

Gross profit increased 29% to £201 million and adjusted EBITDA grew 62% to £85 million, driven by strong volume growth, improving operating leverage, and ticket fulfilment cost savings in the UK from an increased use of etickets.

Segmental performance:

	FY 2020	FY 2019	Variance
Net ticket sales (£m)			
UK Consumer	2,046	1,648	+24%
UK T4B	1,191	1,198	(1)%
Total UK	**3,237**	**2,846**	**+14%**
International	490	349	+41%
Total Group	**3,727**	**3,194**	**+17%**
Revenue (£m)			
UK Consumer	178	137	+30%
UK T4B	57	58	(3)%
Total UK	**235**	**195**	**+20%**
International	26	14	+79%
Total Group	**261**	**210**	**+24%**
Gross profit (£m)			
UK Consumer	144	107	+34%
UK T4B	40	41	(1)%
Total UK	**184**	**148**	**+25%**
International	17	8	+120%
Total Group	**201**	**155**	**+29%**
UK contribution	144	112	+29%
International contribution	(14)	(18)	+23%
Central admin expenses	(45)	(41)	(8)%
Adjusted EBITDA (£m) (1)	**85**	**53**	**+62%**

Notes:

(1) Adjusted EBITDA excludes share based payment charges and exceptional items

UK Consumer

Net ticket sales for UK Consumer increased 24% to £2,046 million, supported by an increased mix of app customers, greater eticket availability and increased conversion rates. The UK business also benefited in the fourth quarter from the successful launch of SplitSave, a new split-ticketing mobile app feature offering the lowest fares available, as well as some switching to UK Consumer following a change in operator and branding of the West Coast mainline franchise. Together these factors helped accelerate our growth in market share in the fourth quarter.

Revenue increased 30% to £178 million, driven by the growth in net ticket sales and a c.40 basis point increase in revenue take-rate. Our take-rate improvement resulted from the full year effect of new ancillary revenue streams, including our multi-currency service, insurance and advertising, in addition to the continuing optimisation of fees.

Cost of sales grew 15% to £34 million, primarily due to increased volumes but partially offset by lower fulfilment costs per transaction of etickets versus paper tickets. As a result, gross profit increased 34% to £144 million, growing faster than revenue, with gross margin expanding from 78% to 81%.

UK Trainline for Business (UK T4B)

UK T4B net ticket sales declined 1% year on year to £1,191 million. White label ticket sales were impacted by a change in operator and branding for the West Coast mainline franchise in the fourth quarter, albeit partly offset by higher related ticket sales through UK Consumer. B2B ticket sales were impacted by the loss of the Egencia B2B contract in March 2019, as previously disclosed, as well as by a slowdown in discretionary travel spend by large corporations in the second half of the year resulting from Brexit uncertainty.

Revenue declined 3% to £57 million given lower net ticket sales and some margin pressure as we secured and extended major partnerships for the long term.

Cost of sales reduced 6% given lower volume and the benefit from reduced fulfilment costs per transaction resulting in an improved gross margin from 70% to 71%. Gross profit declined 1% to £40 million.

International

International net ticket sales increased by 41% to £490 million, with new customer acquisition continuing to underpin growth, along with growth in conversion. This was partly offset by the impact of widespread national strike action in France in Q4, which had an estimated 8% points impact on our growth for the full year. Outside of France our International business continued to perform strongly in the fourth quarter.

Revenue increased 79% to £26 million, supported by rapid growth in net ticket sales and the launch of new revenue services in our international markets, driving revenue take-rate up by c.110 basis points.

Cost of sales grew 31% to £9 million driven by higher net ticket sales. Gross profit grew 120% to £17 million, with gross margin increasing from 54% to 67%, driven by the take-rate expansion.

Adjusted EBITDA

Group adjusted EBITDA increased by 62% to £85 million. This increase was primarily due to volume growth and operating leverage, with revenue and gross profit scaling faster than operating expenses as the business continues to realise the benefits of scale.

The Group continues to tightly manage direct and central operating costs, albeit with some additional marketing investment to support the growth of Trainline's International business. In addition, there was a one-off benefit from the implementation of IFRS 16 Leases as there was no rental expense in the FY 2020 adjusted EBITDA figure but there was £3 million rental expense in the FY 2019 comparative.

Operating profit

The Group reported an operating profit for the year of £2 million, £8 million lower than prior year given £21 million of exceptional fees and charges relating to the IPO in June, as previously disclosed in our H1 results announcement. Excluding these one-off costs, operating profit would have been £24 million, up £13 million year on year.

Operating profit included a depreciation and amortisation charge of £51 million, up £12 million year on year, driven by the increased capital investment relating to the new Single Global Platform and a step up in investment behind our product roadmap.

Operating profit also included a share-based payment charge of £11 million, up £7 million on the prior year. £7 million of this related to post IPO employee incentive schemes and £4 million related to the final true up charge in relation to pre IPO employee incentive schemes.

Loss after tax

Loss after tax for FY 2020 was £81 million, £67 million lower than the prior year driven by one-off, exceptional items incurred as a result of the IPO. In addition to items described above within operating profit, as previously disclosed in our H1 results announcement, the Group recorded a one-off £70 million charge to finance costs related to share based payments and other share related costs and the write off of previously capitalised financing costs (pre IPO financing), neither of which impacted the Group's cashflow. The share-based payment charge resulted from the crystallisation of the Group's pre IPO share based payment arrangements for employees and management and reflects the final fair value accounting movement in relation to pre IPO employee incentive schemes.

Excluding the £92 million of one-off exceptional items relating to the IPO, profit after tax would have been £11 million, £25 million higher than the prior year.

Net finance costs excluding exceptional IPO-related charges were £12 million, a reduction of £12 million year-on-year, reflecting the new capital structure put in place in June 2019 following the IPO.

The FY 2020 tax charge was £1 million, with our corporation tax largely offset by a deferred tax credit in relation to the unwind of deferred tax liabilities on intangibles acquired in past acquisitions. Over time, the corporation tax charge is expected to increase as profits increase and the deferred tax benefit is expected to reduce as the relating assets become fully amortised.

Earnings per share (EPS)

Adjusted basic EPS was 8.1 pence, a 5.6 pence increase on last year. Adjusted basic earnings per share adjusts for the exceptional one-off costs in the period (primarily IPO-related fees and expenses), amortisation of acquired intangibles and share based payment charges, together with the tax impact of these items.

Basic loss per share was 17.7 pence, an increase of 14.4 pence on the prior year, predominantly driven by the exceptional costs and finance charges linked to the IPO in the period.

Operating free cashflow and net debt

Operating free cash flow was £59 million, up 39% or £16 million year on year.

The increase was predominantly driven by growth in adjusted EBITDA of £33 million and a reduction in capital expenditure of £5 million as we approach completion of the global re-platforming project. Operating free cash flow growth was partly offset by a reduction in the benefit from working capital movements, £21 million lower year-on-year, relating to the timing of our payments to rail carriers.

Net debt reduced to £71 million from £194 million in the previous year, meaning net debt to adjusted EBITDA was 0.8x at 29 February 2020, down from 3.7x a year ago. This reflects the benefit to net debt from proceeds of the IPO and strong free cash flow generation.

Given the disruption to Trainline's operating environment as a result of the COVID-19 pandemic, Trainline's financial covenant on its Revolving Credit Facility (RCF) has been waived until August 2021. The financial covenant, tested semi-annually, requires that net debt not surpass 3.75x EBITDA for the trailing twelve months.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN FY 2020

To achieve our mission to make rail and coach travel easier for customers worldwide, we have continued to make progress against our four strategic priorities: Enhancing the customer experience, building demand, optimising revenues, and growing Trainline for Business (T4B).

Enhancing our user experience

During the last year we continued to invest in our leading technology and customer experience.

We have completed the build of our new, micro-service based global tech platform and have migrated across all our carriers and the majority of our customer base. We have paused the migration of the remaining customers given the current disruption from COVID-19 and will resume once we see we see the recovery begin. Our new platform allows us to quickly roll out new products and features across geographies and we will continue to innovate to drive customer experience improvements. We are already seeing good progress, evidenced by the conversion rate for our consumer business growing more than 20%, and our iOS app rating now at 4.9 stars in the UK and International.

We are passionate about helping our customers find the best price for their journey and, in this spirit, we launched SplitSave, a new app feature that finds clever combinations of train tickets ('split tickets') to help our UK customers make significant savings on their journeys. Feedback has been overwhelmingly positive and we will continue to iterate and improve the product. Prior to the COVID-19 pandemic, SplitSave was driving greater engagement and increased net ticket sales with many customers leveraging the cost savings to trade up to higher value tickets (e.g. switching to more popular train times).

We continued to focus on and improve the eticket experience in the UK, helping grow their popularity and usage. Industry penetration grew to 21% (from 14% at the IPO in June 2019), with more than 70% of etickets purchased through Trainline. With eticket availability estimated to be 71%, we continue to see a significant growth runway for eticket penetration over the medium-term and particularly in a post-COVID world where customers are likely to be less willing to use ticket machines at the station

We have increased the number of rail and coach carrier partners from 220 at the time of our IPO to more than 270, notably adding the Swiss carrier SBB as well as a number of coach carriers. Through the breadth of our partnerships, depth of our individual connections and our unique cross carrier journey planner, we now offer customers the best route options for their journeys in and across 45 countries.

Looking ahead, we will continue investing behind our strong innovation pipeline. We have a number of exciting new products and features due to launch over the next year or so, including digital railcards, and reliability ratings to show customers how often any given train is on time or not.

Building demand

As well as focusing on our customer experience, we have accelerated demand growth in all markets whilst maintaining a low cost per new customer.

We grew acquisition and engagement, launching of hundreds of thousands of new content pages in a further 10 languages for search engine optimisation, rolling-out of our own proprietary bidding engine to optimise pay-per-click advertising, using our cross-platform data to target higher lifetime value app users, and migrating web customers to app through scaled A/B testing across our web flows. As a result, monthly visits to our platform grew 19% to 90 million.

We focused significant effort in driving app growth, where customers benefit from many more features, resulting in downloads growing 49% year on year, over half of which came from International, and app share of transactions increasing by 10 percentage points to 76% of UK Consumer transactions.

Given the considerable impact of COVID-19 on underlying demand, we have put marketing activity on pause. We will resume our marketing activity once travel restrictions lift and the economic recovery gets underway in our markets.

Optimising revenues

The launch and growth of new revenue streams over the past year have allowed us to both enhance the customer experience whilst also delivering strong growth in our take rate for both our UK and International business. Notable examples include multi-currency payment options, International service fees, tiered refund fees and trip insurance across App and Web.

The Group will continue to optimise revenues and we are developing a number of new ancillary revenue streams including improvements to the advertising model we launched this year.

Growing Trainline for Business

We have made good progress positioning Trainline for Business (T4B) for future growth. T4B consists of our booking service for business to business (B2B) and the white label retailing services we provide to train operating companies.

For B2B clients we launched our Global API service, allowing our B2B partners to offer European rail options to their customers through a single connection, giving us a platform to enter new markets and scale the B2B business internationally. We have made good early progress, with our first clients now live on the platform, and have a strong pipeline of potential clients. In addition, we launched etickets for B2B clients, so business travellers can benefit from the same convenient eticket experience as leisure travellers.

For white label clients we launched smart enabled season tickets and sustained our high retention rate, retaining both franchises up for tender since our IPO – East Midlands Railway and West Coast Mainline.

Consolidated income statement

	Notes	2020 £'000	2019 £'000
Continuing operations			
Net ticket sales[1]		**3,726,780**	**3,194,168**
Revenue	*2*	**260,753**	**209,504**
Cost of sales	*2*	(59,602)	(54,059)
Gross profit		**201,151**	**155,445**
Administrative expenses		(198,890)	(144,932)
Adjusted EBITDA[1]		**85,201**	**52,628**
Depreciation and amortisation	*7,8*	(50,907)	(38,942)
Share based payment charges		(10,631)	(3,309)
Exceptional items	*3*	(21,402)	136
Operating profit		**2,261**	**10,513**
Finance income	*4*	692	1,100
Finance costs	*4*	(83,184)	(25,275)
Net finance costs	*4*	**(82,492)**	**(24,175)**
Loss before tax		**(80,231)**	**(13,662)**
Income tax expense	*5*	(707)	(8)
Loss after tax		**(80,938)**	**(13,670)**
Earnings per share (pence)			
Basic	*6*	**(17.67)p**	**(3.28)p**
Diluted[2]	*6*	**(17.67)p**	**(3.28)p**

[1] Non-GAAP measure - see alternative performance measures section on page 42.
[2] As the Group has incurred a loss in FY'20 and FY'19 the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

Refer to note 1i for the application of new accounting policies.

Consolidated statement of other comprehensive income

	Notes	2020 £'000	2019 £'000
Loss after tax		**(80,938)**	**(13,670)**
Other comprehensive income:			
Re-measurements of defined benefit liability		18	30
Foreign exchange movement*		(214)	506
Other comprehensive (loss)/income, net of tax		**(196)**	**536**
Total comprehensive loss		**(81,134)**	**(13,134)**

*May subsequently be reclassified to the income statement in a future period.

Consolidated statement of financial position

	Notes	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	*7*	93,555	114,770
Goodwill	*7*	443,357	443,271
Property, plant and equipment	*8*	20,184	5,462
Derivative assets		6	460
		557,102	**563,963**
Current assets			
Inventories		26	25
Trade and other receivables		52,078	47,196
Cash and cash equivalents		92,120	94,477
		144,224	**141,698**
Current liabilities			
Trade and other payables		(165,735)	(161,684)
Current tax payable		(552)	(1,093)
Loan and borrowings	*9*	(2,698)	(2,815)
		(168,985)	**(165,592)**
Net current liabilities		**(24,761)**	**(23,894)**
Total assets less current liabilities		**532,341**	**540,069**
Non-current liabilities			
Loan and borrowings	*9*	(154,402)	(266,438)
Other non-current liabilities		-	(19,561)
Share based payment liabilities		-	(8,033)
Provisions		(681)	(1,566)
Deferred tax liability	*5*	(4,345)	(7,882)
		(159,428)	**(303,480)**
Net assets		**372,913**	**236,589**
Equity			
Share capital	*10*	4,807	422,555
Share premium	*10*	1,198,703	1,055,683
Preference shares	*10*	50	50
Foreign exchange reserve	*10*	1,972	2,186
Other reserves	*10*	(1,125,755)	(1,144,010)
Retained earnings		293,136	(99,875)
Total equity		**372,913**	**236,589**

Consolidated statement of changes in equity

For the year ended 29 February 2020:

	Share capital	Share premium	Preference shares	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 28 February 2019	**422,555**	**1,055,683**	**50**	**(1,144,010)**	**2,186**	**(99,875)**	**236,589**
IFRS 16 adjustment	-	-	-	-	-	1,223	1,223
Adjusted 1 March 2019	**422,555**	**1,055,683**	**50**	**(1,144,010)**	**2,186**	**(98,652)**	**237,812**
Loss after tax	-	-	-	-	-	(80,938)	(80,938)
OCI*	-	-	-	-	(214)	18	(196)
Interest on CPECs	-	-	-	-	-	(3,166)	(3,166)
Shares issued on listing net of fees	31,526	75,817	-	-	-	-	107,343
Issue of shares	59	148	-	-	-	-	207
Share issue to extinguish liabilities	26,541	67,055	-	-	-	-	93,596
Disposal of treasury shares	-	-	-	10,895	-	-	10,895
Share capital reduction	(475,874)	-	-	-	-	475,874	-
Share based payments	-	-	-	7,360	-	-	7,360
Balance as at 29 February 2020	**4,807**	**1,198,703**	**50**	**(1,125,755)**	**1,972**	**293,136**	**372,913**

For the year ended 28 February 2019:

	Share capital	Share premium	Preference shares	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2018**	**422,555**	**1,055,683**	**50**	**(1,143,601)**	**1,680**	**(87,144)**	**249,223**
Loss after tax	-	-	-	-	-	(13,670)	(13,670)
OCI*	-	-	-	-	506	30	536
Other movements	-	-	-	(409)	-	909	500
Balance as at 28 February 2019	**422,555**	**1,055,683**	**50**	**(1,144,010)**	**2,186**	**(99,875)**	**236,589**

*Other comprehensive income

** The Group has restated the balance as at 1 March 2018 to reflect the Group restructure as described in note 1j.

Consolidated statement of cash flow

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss before tax		**(80,231)**	**(13,662)**
Adjustment for non-cash items:			
Depreciation and amortisation	*7,8*	50,907	38,942
Net finance costs	*4*	82,492	24,175
Share based payment charges		10,631	3,309
		63,799	52,764
Changes in working capital			
Inventories		(1)	19
Trade and other receivables		(7,805)	(13,604)
Trade and other payables		9,372	35,982
Cash generated from operating activities		**65,365**	**75,161**
Taxes paid		(5,198)	(2,986)
Net cash from operating activities		**60,167**	**72,175**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(28,358)	(32,562)
Net cash flow used in investing activities		**(28,358)**	**(32,562)**
Cash flows from financing activities			
Proceeds from IPO share issue		107,343	-
Sale of treasury shares at IPO		10,514	-
Issue of shares		207	-
Repayment of pre IPO borrowings		(276,763)	-
Proceeds from Revolving Credit Facility		206,941	-
Repayment of Revolving Credit Facility and other borrowings		(60,223)	-
Issue costs relating to loans and borrowings		(6,832)	(925)
Payments of lease liabilities		(2,247)	-
Payment of interest on lease liabilities		(828)	-
Interest paid		(9,711)	(11,385)
Interest on CPEC		(3,166)	-
Redemption of other non-current liabilities		-	(2,003)
Net cash flows used in financing activities		**(34,765)**	**(14,313)**
Net (decrease)/increase in cash and cash equivalents		**(2,956)**	**25,300**
Cash and cash equivalents at beginning of the year		**94,477**	**69,678**
Effect of foreign exchange on cash		599	(501)
Closing cash and cash equivalents		**92,120**	**94,477**

Refer to note 1i for the application of new accounting policies.

Notes

1. Significant accounting policies

a) General information

Trainline plc (the "Company") and subsidiaries controlled by the Company (together, the "Group") are the leading independent rail and coach travel platform selling rail and coach tickets worldwide. The Company is publicly listed on the London Stock Exchange ('LSE') and is incorporated and domiciled in England and Wales. The Company's registered address is 120 Holborn, London EC1N 2TD.

The Financial Statements for the year ended 29 February 2020 were approved by the Directors on 7 May 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The comparative figures for the financial year ended 28 February 2019 are not the Company's statutory accounts for that financial year. As disclosed in note 1j, the Company is a newly formed entity. Accordingly, no statutory accounts for the Company have previously been delivered to the registrar and no previous audit report has been made in respect of the Company.

b) Basis of consolidation

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Financial Statements presented herein is for the year from 1 March 2019 to 29 February 2020.

Accounting policies have been applied to all periods presented except for the adoption of IFRS 16 *Leases* on 1 March 2019, the impact of which has been disclosed in note 1i.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

Notes- significant accounting policies *(continued)*

c) **Basis of measurement**

The Financial Statements are prepared on the historical cost basis except for the following:

- Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell
- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through the income statement are measured at fair value

The accounting policies set out in the sections below have, unless otherwise stated, been applied consistently to all periods presented within the Financial Statements and have been applied consistently by all subsidiaries.

d) **Functional and presentation currency**

The Financial Statements are presented in pound sterling. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

e) **Going concern**

Notwithstanding the Group's net current liabilities, the Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for at least 12 months from the date of signing these Financial Statements.

The Governance Code requires the Board to assess and report on the prospects of the Group and whether the business is a going concern. In considering this requirement, the Directors have taken into account the Group's forecast cash flows, liquidity, borrowing facilities and relating covenant requirements and the expected operational activities of the Group. All of these forecasts included the waiving of the financial covenant in respect of the Groups £350 million Revolving Credit Facility until August 2021 as announced by the Group on 29 April 2020 and the expected impact of COVID-19 on the Group's performance.

Though the scenario is considered to be very unlikely, as part of the going concern assessment the Group prepared a cash flow forecast which considered the Group's ongoing cash outflows and assumed no revenue inflows. The analysis confirmed the Group's current liquidity position would enable the Group to operate with no cash inflows for a period of at least 12 months from the date of signing these Financial Statements.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to remain in operation until at least 12 months after the approval of these Financial Statements. The Board have therefore continued to adopt the going concern basis in preparing the Consolidated Financial Statements, which assumes that the Group will be able to meet its liabilities as they fall due for at least 12 months from the date of signing these Financial Statements.

Notes- significant accounting policies *(continued)*

f) **Revenue and cost of sales**

(i) Revenue

Consumer

Commission revenue earned from carriers on net ticket sales and service charges billed to customers. Each sales or refund transaction represents a separate performance obligation and the related revenue is recognised at the time of the sale or refund. The Group acts as an agent in these transactions, as it does not control the services prior to transferring them to its customers.

T4B

Revenue earned from branded travel portal platforms is recognised in three key elements represented by bespoke feature builds, monthly maintenance and contribution earned per transaction processed, each of these elements represent a separate performance obligation. Revenue is recognised over time for maintenance and connections to existing features and point in time for bespoke builds and contributions earned per transaction.

(ii) Cost of Sales

Costs of sales include costs in relation to the provision of rail tickets, ancillary services, settlement and fulfilment costs and are recognised at the point of sale.

Notes- significant accounting policies *(continued)*

g) **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates applicable on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on translation are generally recognised in the income statement. Non-monetary items that are measured based on historical cost in foreign currency are not re-translated.

For the purpose of presenting the Consolidated Financial Statements, the assets and liabilities of entities with a functional currency other than sterling are expressed in sterling using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income.

h) **Use of judgements and estimates**

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates is recognised prospectively.

The areas of judgement which have the most significant effect on the amounts recognised in the Financial Statements are:

- Share based payments

  Judgement is required to assess whether share based payment arrangements are cash or equity settled. IFRS 2 *Share Based Payments* requires that the Group's share based payment arrangements are initially measured and recorded as a liability or equity at the fair value of the equity instrument. For cash settled arrangements the fair value is remeasured at each balance sheet date with any changes recognised in finance costs. Equity settled arrangements are not revalued to fair value at each balance sheet date. When calculating the fair value of these arrangements a number of assumptions are applied in arriving at the fair value, including the expected financial results of the Group, the outcome of certain market-based performance measures and staff attrition rates.

Management do not consider any of the estimates made in these Financial Statements are likely to lead to a material adjustment in the next financial year, as such none are deemed significant estimates, however there are a number of other estimates which involve estimation uncertainty as described below:

Notes- significant accounting policies *(continued)*

- Note 7 – Goodwill impairment test: key assumptions underlying recoverable amounts;

  An impairment review is performed annually of goodwill balances held by the Group on a 'value-in-use' basis, which requires judgement in estimating the future cash flows, the time period over which they will occur, and in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate long term growth rate. As part of the impairment review for the year ended 29 February 2020 the expected outcome of COVID-19 has been taken into account in the forecasting. Each of these assumptions have an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units.

- Note 7 – Useful life of intangible assets, including related deferred tax liabilities;

  Intangible assets that are developed or acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. The estimated useful lives which are used to calculate amortisation are based on length of time these assets are expected to generate income and be of benefit to the Group. Judgement is required when estimating the length of the useful life of assets, particularly in relation to software assets which can often have varying expected useful lives dependent on the type of asset and speed of technological development.

i) **New standards and interpretations adopted**

IFRS 16 *Leases*

IFRS 16 *Leases* was adopted on 1 March 2019 and has an impact on the consolidated income statement and Consolidated Statement of Financial position for the year ended 29 February 2020.

IFRS 16 *Leases* replaces the former standard IAS 17 *Leases*. IFRS 16 *Leases* requires lessees to recognise leases on the Group's statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. Under the new standard, leases held by the Group will be accounted for as 'right-of-use' assets and the distinction between operating and finance leases under IAS 17 no longer exists. In practice this results in a right-of-use asset and liability being recognised on the statement of financial position and a finance cost and depreciation charge are recognised through the consolidated income statement as the lease liability unwinds.

The Group has applied the modified retrospective approach to restatement. Under this approach former periods are not restated, and the revised treatment is applied in the current period. At 1 March 2019 a right-of-use asset and equal liability was recognised for all of the Group's leases. Going forward the asset will be depreciated evenly over the remaining asset life and the liability will be unwound in line with the Group's underlying borrowing rate at 1 March 2019. The Group has used a practical expedient for the use of a single discount rate for the portfolio of leases as they are deemed to be reasonably similar in nature.

Within administrative expenses there will be no property rental expense from 1 March 2019 and instead a depreciation charge will be recognised. A finance charge is recognised in finance costs to reflect the perceived cost of financing the asset. In FY'20 the rental expense is £nil (FY'19: £2.5 million), depreciation of leased assets is £2.7 million (FY'19: £nil) and the finance cost for leased assets is £0.8million (FY'19: £nil).

Notes- significant accounting policies *(continued)*

At 1 March 2019 a right-of-use asset of £17.7 million was recognised, which represented the future lease payments discounted to present value at 1 March 2019. The relating lease liability was £17.7 million. At 29 February 2020 the right-of-use assets totalled £15.0 million and the lease liability equalled £15.3 million. Within the cash flow statements the actual lease payments made have been reclassified from 1 March 2019 from operating activities to financing activities.

Total operating lease commitments were £21.6 million at 28 February 2019. The impact of discounting was £3.9 million, resulting in the £17.7 million lease liability being recognised at 1 March 2019.

A number of other new standards are also effective from 1 March 2019, but they do not have a material effect on the Group's Financial Statements.

j) **Summary of impact of Group restructure and initial public offering**

On 26 June 2019 the Group listed its shares on the London Stock Exchange in an Initial Public Offering ('IPO'). The restructure has impacted a number of the current period balances.
The Group restructure has been accounted for as a reverse acquisition under IFRS 3 *Business Combinations*. The steps to restructure the Group had the effect of the newly formed entity Trainline plc ('plc') legally acquiring the former parent company of the pre IPO Group Victoria Investments S.C.A. ('SCA'). As part of this transaction the shareholders in SCA exchanged their SCA shares and CPECs for shares in plc.

By applying reverse acquisition accounting under IFRS 3 *Business Combinations*, the Group is presented as if plc has always owned the pre IPO Group at the point of the share for share exchange. The year ended 28 February 2019, prior to the restructure, is presented with the previously reported SCA results.

2. Operating segments

In accordance with IFRS 8 *Operating Segments* the Group determines and presents its operating segments based on internal information that is provided to the Board, who is the Group's chief operating decision maker ("CODM").

The Group has three operating and reportable segments which are considered:

- UK consumer* – Travel apps and websites for individual travellers for journeys within the UK;
- UK T4B* (Trainline for business) – Branded travel portal platforms for corporates and travel management companies and white label ecommerce platforms for Train Operating Companies within the UK; and
- International – Travel apps and websites for individual travellers for journeys outside the UK.

*UK Consumer and UK T4B are collectively referred to as the UK

The Group's global operating model means that investments in platform technology and central overheads are leveraged across the business, and it is not possible to meaningfully measure full income statement and statement of financial position results by operating segment. No single customer accounted for 10 percent or more of the Group's sales.

Notes- operating segments *(continued)*

The CODM monitors:

- The three operating segments results at the level of net ticket sales, revenue and gross margin;

- Results split by UK and International at the level of net ticket sales, revenue, gross margin, and contribution (as shown in this disclosure); and
- No results at a profit before/after tax or in relation to the statement of financial position are reported to the CODM at a lower level than the consolidated Group.

Segmental analysis for the year ended 29 February 2020:

	UK consumer £'000	UK T4B £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	**2,046,178**	**1,190,549**	**3,236,727**	**490,053**	**3,726,780**
Revenue	**177,993**	**56,790**	**234,783**	**25,970**	**260,753**
Cost of sales	(34,306)	(16,629)	(50,935)	(8,667)	(59,602)
Gross profit	**143,687**	**40,161**	**183,848**	**17,303**	**201,151**
Directly allocable administrative expenses			(40,039)	(31,185)	(71,224)
Contribution			**143,809**	**(13,882)**	**129,927**
Central administrative expenses					(44,726)
Adjusted EBITDA					**85,201**
Depreciation and amortisation					(50,907)
Share based payment charges					(10,631)
Exceptional items					(21,402)
Operating profit					**2,261**
Net finance costs					(82,492)
Loss before tax					**(80,231)**
Tax					(707)
Loss after tax					**(80,938)**

Notes- operating segments *(continued)*

Segmental analysis for the year ended 28 February 2019:

	UK consumer £'000	UK T4B £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	**1,647,648**	**1,198,006**	**2,845,654**	**348,514**	**3,194,168**
Revenue	**136,660**	**58,366**	**195,026**	**14,478**	**209,504**
Cost of sales	(29,703)	(17,749)	(47,452)	(6,607)	(54,059)
Gross profit	**106,957**	**40,617**	**147,574**	**7,871**	**155,445**
Directly allocable administrative expenses			(35,678)	(25,884)	(61,562)
Contribution			**111,896**	**(18,013)**	**93,883**
Central administrative expenses					(41,255)
Adjusted EBITDA					**52,628**
Depreciation and amortisation					(38,942)
Share based payment charges					(3,309)
Exceptional items					136
Operating profit					**10,513**
Net finance costs					(24,175)
Loss before tax					**(13,662)**
Tax					(8)
Loss after tax					**(13,670)**

3. Exceptional items

Exceptional items are costs or credits that, by virtue of their nature and incidence, have been disclosed separately in order to improve a reader's understanding of the Financial Statements. Exceptional items are one off in nature or are not considered to be part of the Group's underlying trade.

IPO transaction costs
Fees and costs, including one off bonuses, in relation to the IPO process.

Restructuring costs
Restructuring costs incurred as part of a strategic/management reorganisation.

Recoveries
One-off credits received or receivable for an indemnity claim and VAT on historic acquisition costs.

	2020 £'000	2019 £'000
IPO transaction costs	21,402	-
Restructuring costs	-	1,532
Recoveries	-	(1,668)
Net exceptional costs/(credits)	21,402	(136)

4. Finance income and finance costs

Net financing costs comprise bank interest income, interest expense on borrowings and lease liabilities, as well as foreign exchange gains/losses, fair value movements on the Group's interest rate cap and fair value remeasurements in relation to share based payments and put/call option liabilities.

Accounting Policy

Interest income and expense is recognised as it accrues in the income statement, using the effective interest method. Foreign exchange gains and losses are recognised in the income statement in accordance with the policy for foreign currency transactions set out in note 1g. The interest rate cap held by the Group is a derivative asset and is revalued to fair value at each period end, any fair value movement is booked through net finance costs.

	2020 £'000	2019 £'000
Bank interest income	692	290
Fair value movements on share based payment liabilities	-	810
Finance income	**692**	**1,100**
Interest on bank loans	(10,900)	(22,050)
Interest on other long-term liabilities	-	(1,083)
Foreign exchange loss	(558)	(270)
Loss on interest rate swap	(454)	(1,081)
Fair value movements on put/call option liability	-	(791)
Interest on lease liability	(828)	-
Exceptional finance costs*		
Derecognition of previously capitalised finance costs	(8,466)	-
Fair value change on share based payments	(49,705)	-
Fair value change on put/call option	(12,273)	-
Finance costs	(83,184)	(25,275)
Net finance costs recognised in the income statement	**(82,492)**	**(24,175)**

*Exceptional finance costs – these costs are one-offs which occurred at the date of IPO relating to the final fair value movement on the pre IPO share based payment arrangements and the write off of previously capitalised financing costs due to the IPO refinancing. The put/call option relates to non-employee share related costs. All of these expenses are non-cash charges.

Excluding exceptional finance costs the net finance cost in FY'20 would be £12.0 million.

5. Taxation

This note analyses the tax expense for this financial year, which includes both current and deferred tax. It also details tax accounting policies and presents a reconciliation between profit before tax in the income statement multiplied by the rate of corporation tax and the tax expense for the year.

The deferred tax section provides information on expected future tax charges and sets out the assets and liabilities held across the Group.

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

• temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

• temporary differences related to investments in subsidiaries, to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

• taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes- **taxation** *(continued)*

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Amounts recognised in the income statement

	2020	2019
	£'000	£'000
Current tax charge/(credit)		
Current year	7,178	4,509
Adjustment in respect of prior years	(2,978)	487
	4,200	**4,996**
Deferred tax (credit)/charge		
Current year	(5,601)	(4,526)
Adjustment in respect of prior years	2,108	(433)
Effect of change in tax rates	-	(29)
	(3,493)	**(4,988)**
Tax charge	**707**	**8**

Corporation tax was calculated at 19% (FY'19: 26%*) of the taxable profit for the year. Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions. The total tax charge of £0.7 million (FY'19: £8k) is made up of a current corporation tax charge of £4.2 million (FY'19: £5.0 million) arising in the UK, and a deferred tax credit of £3.5 million (FY'19: £5.0 million) resulting from the unwind of deferred tax liabilities arising on acquired intangibles. The release of deferred tax liabilities is primarily an accounting unwind and does not impact the corporation tax payable in cash by the Group.

	2020	2019
	£'000	**£'000**
Loss before tax	(80,231)	(13,662)
Loss multiplied by standard rate of corporation tax of 19% (FY'19: 26%*)	(15,244)	(3,553)
Non-taxable expenses/(income)	15,460	(2,510)
Amounts not recognised**	1,627	3,102
Rate difference on deferred tax	-	(29)
Adjustment in respect of prior years	(870)	53
Other	(266)	155
Difference in overseas tax rates	-	2,790
Total tax charge	**707**	**8**
Effective tax rate	**(1)%**	**(0.1) %**

* The FY'19 tax reconciliation is reconciled to the Victoria Investments SCA tax rate of 26.01%. Following the IPO, Trainline plc became the Group's parent Company preparing the consolidated tax reconciliation at the UK tax rate of 19% for FY'20.
**Primarily relates to unrecognised losses which are not expected to be recoverable and therefore not recognised as deferred tax assets.

Notes- **taxation** *(continued)*

The effective tax rate is lower than the UK corporation tax rate of 19% due to the Group making an accounting loss but a tax adjusted profit. The effective tax rate in FY'20 reflects the significant adjustments transitioning from a private company to a UK listed plc, including the IPO exceptional costs and the costs associated with the Group's share based incentive plans which were not fully deductible. From FY22 we expect our tax rate on our profits before specific items to be around the UK rate of corporation tax (19%), as the majority of our business occurs in the UK.

On 17 March 2020 the UK Government substantively enacted the corporation tax rate of 19% from 1 April 2020 which replaces the previously substantively enacted tax rate of 17%. As the enactment is after the financial year end our deferred tax for FY'20 is calculated at 17%. Had the rate been substantively enacted before the year end, the impact of the rate change to 19% is £0.5 million.

Deferred tax liability as at 29 February 2020:

	Acquired intangible assets	**Tangible assets and other**	**Share based payments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 March 2019	9,712	(1,830)	-	7,882
Adjustment in respect of prior years	-	2,108		2,108
Adjustments posted through equity	-	209	(253)	(44)
Current year (credit)/charge to consolidated income statement	(4,414)	21	(1,208)	(5,601)
At 29 February 2020	**5,298**	**508**	**(1,461)**	**4,345**

Deferred tax liability as at 28 February 2019:

	Acquired intangible assets	**Tangible assets and other**	**Share based payments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 March 2018	14,515	(1,645)	-	12,870
Adjustment in respect of prior years	1	(434)	-	(433)
Adjustments posted through equity	-	-	-	-
Current year (credit)/charge to consolidated income statement	(4,804)	249	-	(4,555)
At 28 February 2019	**9,712**	**(1,830)**	**-**	**7,882**

6. Earnings per share

This note sets out the accounting policy that applies to the calculation of earnings per share, and how the Group has calculated the shares to be included in basic and diluted earnings per share ("EPS") calculations.

Accounting policy

The Group calculates earnings per share in accordance with the requirements of IAS 33 *Earnings Per Share*.

Four types of earnings per share are reported:

(i) Basic earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, divided by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Earnings attributable to ordinary equity holders of the Group, divided by the weighted average number of shares outstanding used in the basic earnings per share calculation adjusted for the effects of all dilutive 'potential ordinary shares'.

(iii) Adjusted basic earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, adjusted to remove the impact of exceptional items, share based payment charges, amortisation of acquired intangibles and the tax impact of these items; divided by the weighted average number of ordinary shares outstanding during the period.

(iv) Adjusted diluted earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, adjusted to remove the impact of exceptional items, share based payment charges, amortisation of intangibles and the tax impact of these items; divided by the weighted average number of shares outstanding used in the basic earnings per share calculation adjusted for the effects of all dilutive 'potential ordinary shares'.

Notes- earnings per share *(continued)*

	2020	2019
Weighted average number of ordinary shares:		
Ordinary shares	462,099,526	422,555,384
Treasury shares	(4,108,486)	(6,226,286)
Weighted number of ordinary shares*	**457,991,040**	**416,329,098**

*As the Group has incurred a loss in FY'20 and FY'19, the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.
** Refer to the alternative performance measures section for the calculation of adjusted earnings.

	2020 £'000	2019 £'000
Loss after tax	(80,938)	(13,670)
Earnings attributable to equity holders	**(80,938)**	**(13,670)**
Adjusted earnings**	36,887	10,078

	2020 pence	2019 pence
(Loss)/earnings per share		
Basic	(17.67)p	(3.28)p
Diluted*	(17.67)p	(3.28)p
Adjusted earnings per share		
Basic	8.05p	2.42p
Diluted*	8.05p	2.42p

7. Intangible assets and goodwill

The consolidated statement of financial position contains a significant goodwill carrying value which arose when the Group acquired subsidiaries and paid a higher amount than the fair value of the acquired net assets. Goodwill is not amortised but is subject to annual impairment reviews. Impairment reviews of goodwill make use of estimates (see note 1h).

Other intangible assets predominantly arise on acquisition of subsidiaries or are internally developed. These intangible assets are amortised and tested for impairment when an indicator of impairment exists.

Notes- intangible assets and goodwill *(continued)*

Accounting policy

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination
is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired business are assigned to those units.

(ii) Software development costs

Expenditure on research activities is recognised in the income statement as incurred.

External and internal development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Internal development expenditure is managed by the development team and the amount capitalised is monitored through time charged to projects.

(iii) Brand and customer valuation

Brand and customer valuations that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

(v) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the income statement. Goodwill is not amortised.

Notes- intangible assets and goodwill *(continued)*

The estimated useful lives are as follows:

Software development	3 – 5 years
Brand valuation	10 years
Customer lists/T4B contracts	5 – 7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill as at 29 February 2020:

	Software development £'000	Brand valuation £'000	Customer valuation £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2019	83,262	51,738	92,690	443,271	670,961
Additions*	25,359	-	-	-	25,359
Effects of foreign exchange rate changes	-	-	-	86	86
At 29 February 2020	**108,621**	**51,738**	**92,690**	**443,357**	**696,406**
Accumulated amortisation:					
At 1 March 2019	(22,545)	(20,452)	(69,923)	-	(112,920)
Amortisation	(23,636)	(5,181)	(17,757)	-	(46,574)
At 29 February 2020	**(46,181)**	**(25,633)**	**(87,680)**	**-**	**(159,494)**
Carrying amounts:					
At 29 February 2020	**62,440**	**26,105**	**5,010**	**443,357**	**536,912**

*Total additions of £25.4 million include £1.0 million in relation to trade and asset acquisitions.

Intangible assets and goodwill as at 28 February 2019:

	Software development £'000	Brand valuation £'000	Customer valuation £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2018	50,852	51,738	92,690	443,271	638,551
Additions	32,410	-	-	-	32,410
At 28 February 2019	**83,262**	**51,738**	**92,690**	**443,271**	**670,961**
Accumulated amortisation:					
At 1 March 2018	(8,118)	(15,285)	(52,214)	-	(75,617)
Amortisation	(14,427)	(5,167)	(17,709)	-	(37,303)
At 28 February 2019	**(22,545)**	**(20,452)**	**(69,923)**	**-**	**(112,920)**
Carrying amounts:					
At 28 February 2019	**60,717**	**31,286**	**22,767**	**443,271**	**558,041**

Additions in the year includes £nil (FY'19 £nil) of directly attributable borrowing costs.

Notes- intangible assets and goodwill *(continued)*

Of the amortisation charge for the year £22.9 million (FY'19: £24.3 million) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £23.7 million (FY'19: £13.0 million) related to internally developed and purchased intangible assets recognised at historical cost.

Goodwill Impairment

The Group tests goodwill annually for impairment by reviewing the carrying amount against the recoverable amount of the investment. The recoverable amount is the higher of fair value less costs to dispose and value-in-use. However, in line with IAS 36 *Impairment of Assets*, fair value less costs to dispose is only determined where value in use would result in an impairment.

Goodwill acquired in a business combination is allocated on acquisition to the CGUs that are expected to benefit from that business combination.

The Group has goodwill balances totalling £443.4 million which comprise:

i. £336.4 million from the FY'16 acquisition of Trainline.com
ii. £107.0 million from the FY'17 acquisition of Trainline SAS (formerly Captaine Train SAS)

The majority of goodwill arising from the acquisition of Trainline.com was attributed to UK Consumer with a small proportion allocated to International. The goodwill related to the Captaine Train SAS acquisition was mostly attributed to the International CGU, with the remainder allocated to UK Consumer. The carrying amount of goodwill has been allocated as follows:

CGU	**2020** **£'000**	**2019** **£'000**
UK Consumer	351,271	351,271
UK T4B	-	-
International	92,086	92,000
Total goodwill	**443,357**	**443,271**

For the year ended 29 February 2020 no impairment charge has arisen. For all CGUs the recoverable amount was determined by measuring their value-in-use ("VIU").

Assumptions

The key value in use assumptions were:

	2020 **UK Consumer**	**2019** **UK Consumer**	**2020** **UK T4B**	**2019** **UK T4B**	**2020** **International**	**2019** **International**
Pre-tax discount rate	10.7%**	14.5%	N/A	N/A	16.7%	18.5%
Terminal growth rate*	2%	2%	N/A	N/A	2%	2%
Number of years forecasted before terminal growth rate applied	5	5	N/A	N/A	5	5

*Terminal growth rate is based on long-term inflationary rates in the region of operation

**The UK Consumer pre-tax discount rate has decreased year on year due to a reduction in risk associated with the CGU.

Notes- intangible assets and goodwill *(continued)*

There were no impairments in the years ended 29 February 2020 or 28 February 2019.

The Group prepares cash flow forecasts based on the most recent financial budgets and 5-year projections approved by the Board. The forecasts have been used in the VIU calculation along with risk-adjusted discount rates. After this, a long-term growth rate is applied. The forecasts reflect management's expectations and best estimates for each CGU.

For the impairment review for the year ended 29 February 2020 cash flow forecasts have been updated to include an estimate of the impact of the COVID-19 pandemic, most notably this included forecasting significantly lower sales during FY'21. Sensitivities have been applied to the calculation after this update.

As the international CGU is currently loss making, the impairment calculation is more sensitive to a change in cashflow in the initial 5-year forecast period than the UK Consumer CGU. To reflect the higher level of uncertainty in the International forecasts a premium has been applied to the discount rate.

Sensitivity analysis

The group has conducted a sensitivity analysis on each CGU's value-in-use. This included either increasing the discount rates, reducing the terminal growth rate, or reducing the anticipated future cash flows through changes to revenue or costs in each of the years through to the terminal year. The sensitivity assumptions applied to the VIU calculations are set out in the table below. These are considered to be reasonably possible, but not likely.

	2020 UK Consumer	**2019 UK Consumer**	**2020 UK T4B**	**2019 UK T4B**	**2020 International**	**2019 International**
Increase in discount rate	1pts	1pts	N/A	N/A	1pts	1pts
Reduction in long-term growth rate applied in terminal year	0.5pts	0.5pts	N/A	N/A	0.5pts	0.5pts
Decrease in Adjusted EBITDA forecast in each year	10%	10%	N/A	N/A	20%	20%

None of the individual reasonably possible scenarios listed above resulted in an impairment in any of the CGU's.

Notes *(continued)*

8. Property, plant and equipment

This note details the physical assets used by the Group in running its business.

Accounting policy

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the income statement. The estimated useful lives of property, plant and equipment are as follows:

Plant and equipment	3-7 years
Leasehold improvements	3-10 years/remaining lease length if shorter
Right-of-use assets	Lease length

The Group tests the carrying value of assets including right-of-use assets for impairment if there is an indicator of impairment. There were no indicators of impairment for any of the Group's assets during the year (FY'19 no indicators).

Property, plant and equipment as at 29 February 2020

	Plant and equipment £'000	Leasehold improvements £'000	Right-of-use assets £'000	Total £'000
Cost:				
At 28 February 2019	6,967	4,448	-	11,415
Recognition of right-of-use asset on initial application of IFRS 16	-	-	17,692	17,692
Adjusted balance at 1 March 2019	6,967	4,448	17,692	29,107
Additions	1,365	-	-	1,365
Disposals	(54)	-	-	(54)
At 29 February 2020	**8,278**	**4,448**	**17,692**	**30,418**
Accumulated depreciation and impairment:				
At 1 March 2019	(4,952)	(1,001)	-	(5,953)
Depreciation	(1,175)	(444)	(2,714)	(4,333)
Disposals	52	-	-	52
At 29 February 2020	**(6,075)**	**(1,445)**	**(2,714)**	**(10,234)**
Carrying amounts:				
At 29 February 2020	**2,203**	**3,003**	**14,978**	**20,184**

Notes- **property, plant and equipment** *(continued)*

Property, plant and equipment as at 28 February 2019:

	Plant and equipment	**Leasehold improvements £'000**	**Right-of-use assets £'000**	**Total £'000**
Cost:				
At 1 March 2018	5,969	4,389	-	10,358
Additions	998	59	-	1,057
At 28 February 2019	**6,967**	**4,448**	**-**	**11,415**
Accumulated depreciation and impairment:				
At 1 March 2018	(3,757)	(557)	-	(4,314)
Depreciation	(1,195)	(444)	-	(1,639)
At 28 February 2019	**(4,952)**	**(1,001)**	**-**	**(5,953)**
Carrying amounts:				
At 28 February 2019	**2,015**	**3,447**	**-**	**5,462**

Additions in the year includes £nil (FY'19 £nil) of directly attributable borrowing costs.

Notes *(continued)*

9. Loans and borrowings

This note details a breakdown of the various loans and borrowings of the Group. It also provides the terms and repayment dates of each of these. At the date of the Initial Public Offering ('IPO') the Group re-paid its existing debt and became party to a new Revolving Credit Facility, part drawn in cash and part drawn in bank guarantees.

Accounting policy

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. At the date borrowings are repaid any attributable transaction costs are released as an exceptional finance cost.

	2020	2019
	£'000	£'000
Non-current liabilities		
Secured bank loan[1]	-	198,954
Revolving Credit Facility[2]	141,057	-
Unsecured PIK loan and accrued interest[3]	-	66,874
Other term debt	388	610
Lease liabilities	12,957	-
Total non-current liabilities	**154,402**	**266,438**
Current liabilities		
Accrued interest	309	2,815
Lease liabilities	2,389	-
Total current liabilities	**2,698**	**2,815**

1. Included within the secured bank loan is the principal amount of £nil (FY'19: £205 million) and directly attributable transaction costs of £nil (2018: £6.1 million).
2. Included within the Revolving Credit Facility is the principal amount of £146.9 million (FY'19: £nil) and directly attributable transaction costs of £5.8 million (FY'19: £nil).
3. The unsecured PIK loan was fully repaid during FY'20.

Terms and repayment schedule

Agreement	Interest rate	Year of maturity	Face value	Carrying amount
			£'000	£'000
Revolving Credit Facility	1.64%	2024	146,941	141,057
Lease liabilities	5.01%	Various	17,798	15,346
Other term debt	0.0%	2022	388	388
Total borrowings			**165,127**	**156,791**

Notes- loans and borrowings *(continued)*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated future interest payments, so will not necessarily reconcile to amounts disclosed on the statement of financial position.

	Total contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Revolving Credit Facility	146,941	-	-	146,941	-
Other term debt	388	180	180	28	-
Lease liabilities	17,798	3,135	2,922	8,767	2,974
Total cash flows	**165,127**	**3,315**	**3,102**	**155,736**	**2,974**

Revolving Credit Facility

The new Revolving Credit Facility became effective on 26 June 2019, the total facility amount is £350.0 million. The facility allows draw downs in cash or non-cash to cover bank guarantees. At 29 February 2020 the cash drawn amount is £146.9 million, the non-cash bank guarantee drawn amount is £113.8 million and the undrawn amount on the facility is £89.3 million.

The Group's new Revolving Credit Facility is secured by a fixed and floating charge over certain assets of the Group. Interest is payable on a margin of 1.0% to 2.0% above LIBOR. The Group is subject to certain bank covenants under the new facility, all of which have been met during the year.

Notes- *(continued)*

10. Capital and reserves

Share capital

Share capital represents the number of shares in issue at their nominal value. In the current year the share capital of the former Group has been replaced with the newly issued listed shares following the IPO.

Ordinary shares in the Group post IPO are issued, allotted and fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Following a reduction in capital the nominal value of ordinary shares was reduced from £1.00 to £0.01 each. The reduction of capital had no effect on the net asset position of the Group.

Shareholding at 29 February 2020

	Number	£'000
Ordinary shares - £0.01	**480,680,508**	**4,807**
	480,680,508	**4,807**

Share premium

Share premium represents the amount over the nominal value which was received by the Group upon the sale of the ordinary shares. Upon the date of listing the nominal value of shares were £1.00 but the initial offering price was £3.50.

Share premium is stated net of any direct costs relating to the issue of shares.

Preference shares

Preference shares represent 50,000 redeemable preference shares of £1.00 each, redeemable at the option of the Group.

Retained earnings

Retained earnings represents the profit the Group makes that is not distributed as dividends. No dividends have been paid in any year.

Foreign exchange

The foreign exchange reserve represents the net difference on the translation of the statement of financial position and income statements of foreign operations from functional currency into reporting currency over the period such operations have been owned by the Group.

Notes- capital and reserves *(continued)*

Other reserves

	Merger reserve	Treasury reserve	SBP* reserve	Total other reserves
	£'000	**£'000**	**£'000**	**£'000**
At 1 March 2018	-	(2,486)	-	(2,486)
Group restructure	(1,121,809)	(19,306)	-	(1,141,115)
Other movements	(409)	-	-	(409)
At 28 February 2019	**(1,122,218)**	**(21,792)**	**-**	**(1,144,010)**
Disposal of treasury shares	-	10,895	-	10,895
SBP* charge	-	-	7,360	7,360
At 29 February 2020	**(1,122,218)**	**(10,897)**	**7,360**	**(1,125,755)**

***SBP – Share based payment**

Merger reserve

Prior to the IPO the ordinary shares of the pre IPO top company, Victoria Investments S.C.A., were acquired by Trainline plc. As the ultimate shareholders and their relating rights did not change as part of this transaction, this was treated as a common control transaction under IFRS (note 1j). The balance of the merger reserve represents the difference between the nominal value of the reserves in the Victoria Investments S.C.A. Group and the value of reserves in Trainline plc prior to the restructure.

Treasury reserve

Treasury shares reflect the value of shares held by the Group's Employee Benefit Trust ('EBT'). At 29 February 2020 the Group's EBT held 3.1 million shares which have a historical cost of £10.9 million.

Share based payment reserve

The share based payment reserve is built up of charges in relation to equity settled share based payment arrangements which have been recognised within the profit and loss account.

Notes *(continued)*

11. Related parties

During the year, the Group entered into transactions in the ordinary course of business with related parties.

Transactions with the controlling shareholder

During the year fees of £5.4 million were paid to KKR and Co. Inc and its subsidiaries (FY'19 £1.5 million). None of these fees are expected to reoccur going forward.

Transactions with key management personnel of the Group

Key management personnel are defined as the board of Directors, including Non-Executive Directors.

During the period key management personnel have received the following compensation: short term employee benefits £5,192,600 (FY'19: £2,050,335); post employment benefits £127,160 (FY'19: £32,550); and ongoing share based payment schemes £311,811 (FY'19: £732,199). No other long term benefits or termination benefits were paid (FY'19: £Nil). The highest paid director received: short term employee benefits £3,580,555 (FY'19: £596,131); post-employment benefits £37,438 (FY'19: £32,550); and ongoing share based payment schemes £80,266 (FY'19 £732,199). There were 2 directors to whom retirement benefits are accruing under defined contribution schemes (FY'19: 2).

The IPO triggered the crystallisation of previous share based payment schemes with key management personnel. £12.9 million of the exceptional finance charge related to cash settled share based payment schemes with key management personnel. £64.6 million crystallised on equity settled share based payment schemes in relation to key management personnel, for which there is no cash, income statement or statement of financial position impact.

All amounts relating to equity and cash schemes were settled as a combination of cash from the IPO funds flow and shares in Trainline plc and do not represent a cash outflow from the trading business of the Group.

At 29 February 2020 key management personnel held 11,185,560 shares in Trainline plc.

12. Capital commitments

This note details any capital commitments in contracts that the Group has entered which have not been recognised as liabilities on the statement of financial position.

The Group's capital commitments at 29 February 2020 are £nil (FY'19: £nil).

Notes (continued)

13. Post balance sheet events

On 30 January 2020, the spread of the novel Coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation. Though the impact of COVID-19 did not materially impact the Group in the year ended 29 February 2020 it has not been considered a non-adjusting post balance sheet event, in line with IAS10 on the basis that it occurred during the financial year.

As a result, the forecasts used for impairment analysis reflected the expected impact of COVID-19 on the Group at the balance sheet date together with further sensitivities reflecting the Directors' views at the date of approval of the Financial Statements of the impact of COVID-19. The going concern assessment and viability statement have been updated to reflect the Directors assessment of the impact of COVID-19 at the date of approval of the Financial Statements. This has been reflected in the respective disclosures.

Subsequent to the year end, the Group drew down an additional £85 million of its Revolving Credit Facility and reduced the portion of the Facility utilised through bank guarantees. Following these changes, the remaining headroom on the Revolving Credit Facility was £90.2 million.

On 29 April 2020, the Group announced that its loan syndicate had waived the financial covenant in respect of its £350 million Revolving Credit Facility until August 2021 to support the business through the COVID-19 pandemic and the related impact on trading.

Alternative performance measures

When assessing and discussing financial performance, certain alternative performance measures ("APMs") of historical or future financial performance, financial position or cash flows are used which are not defined or specified under IFRS. APMs are used to improve the comparability of information between reporting periods and operating segments.

APMs should be considered in addition to, not as a substitute for, or as superior to, measures reported in accordance with IFRS.

APMs are not uniformly defined by all companies. Accordingly, the APMs used may not be comparable with similarly titled measures and disclosures made by other companies. These measures are used on a supplemental basis as they are considered to be indicators of the underlying performance and success of the Group.

Net ticket sales

Net ticket sales represent the gross value of ticket sales to customers, less the value of refunds issued, during the accounting period. The Group acts as an agent in these transactions. Net ticket sales do not represent the Group's revenue.

Management believe net ticket sales are a meaningful measure of the Group's operating performance and size of operations.

Adjusted EBITDA

The Group believe that adjusted EBITDA is a meaningful measure of the Group's operating performance and debt servicing ability without regard to amortisation and depreciation methods which can differ significantly.

Adjusted EBITDA is calculated as profit/(loss) after tax before net financing income/(expense), tax, depreciation and amortisation, exceptional items and share based payment charges.

As a result of the transition to IFRS 16 Leases as described in note 1i, the year ending 29 February 2020 no longer includes the operating lease charge, which has been replaced with right-of-use asset depreciation and lease liability interest, both of which are excluded from adjusted EBITDA.

Exceptional items are excluded as management believe their nature could distort trends in the Group's underlying earnings. This is because they are often one off in nature or not related to underlying trade. Share based payment charges are also excluded as they can fluctuate significantly year on year.

Alternative performance measures – adjusted EBITDA (continued)

A reconciliation of operating profit to adjusted EBITDA is as follows:

	Notes	**2020**	**2019**
		£'000	**£'000**
Operating profit		**2,261**	**10,513**
Adjusting items:			
Depreciation and amortisation	*7,8*	50,907	38,942
Share based payment charges		10,631	3,309
Exceptional items	*3*	21,402	(136)
Adjusted EBITDA		**85,201**	**52,628**

Adjusted earnings

Adjusted earnings are a measure used by the Group to monitor the underlying performance of the business, excluding certain non-cash and exceptional costs.

Adjusted earnings is calculated as loss after tax with share based payment charged in administrative expenses and finance costs, exceptional costs and amortisation of acquired intangibles added back, together with the tax impact of these adjustments also added back.

Exceptional items are excluded as management believe their nature could distort trends in the Group's underlying earnings. This is because they are often one off in nature or not related to underlying trade. Share based payment charges are also excluded as they can fluctuate significantly year on year and are a non-cash charge to the business. Amortisation of acquired intangibles is a non-cash accounting adjustment relating to previous acquisitions and is not linked to the ongoing trade of the Group.

A reconciliation from the loss after tax to adjusted earnings it as follows:

	Notes	**2020** **£'000**	**2019** **£'000**
Loss after tax		(80,938)	(13,670)
Earnings attributable to equity holders		**(80,938)**	**(13,670)**
Adjusting items:			
Exceptional items	*3*	21,402	(136)
Exceptional finance costs	*4*	70,444	-
Amortisation of acquired intangibles		23,634	24,316
Share based payment charges		10,631	3,309
Ongoing share related charges in finance costs		-	1,064
Tax impact of the above adjustments		(8,286)	(4,805)
Adjusted earnings		**36,887**	**10,078**

Alternative performance measures (continued)

Net debt

Net debt is a measure used by the Group to measure the overall debt position after taking into account cash held by the Group.

The calculation of net debt is as follows:

	Notes	**2020** **£'000**	**2019** **£'000**
Loan and borrowings	*9*	(162,900)	(269,253)
Other non-current borrowings		-	(19,561)
Cash and cash equivalents		92,120	94,477
Net debt		**(70,780)**	**(194,337)**

Operating free cash flow

The Group use operating free cash flow as a supplementary measure of liquidity.

The Group defines operating free cash flow as cash generated from operating activities adding back cash exceptional items, and deducting cash flow in relation to purchase of property, plant and equipment and intangible assets, excluding those acquired through business combinations or trade and asset purchases.

The calculation of operating free cash flow is as follows:

	2020 **£'000**	**2019** **£'000**
Cash generated from operating activities	65,365	75,161
Exceptional items	20,928	(136)
Purchase of property, plant and equipment and intangible assets	(27,405)	(32,562)
Operating free cash flow	**58,888**	**42,463**